

**GRAND COUNTY**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

**GRAND COUNTY**  
**BASIC FINANCIAL STATEMENTS**  
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## INDEPENDENT AUDITORS' REPORT

Grand County Council  
Grand County  
Moab, Utah 84532

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Grand County, Utah (the County) as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Grand County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and those standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

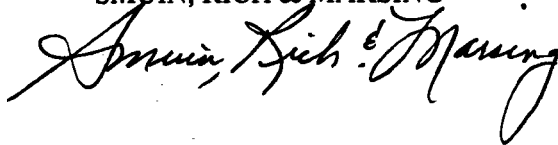
In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and "B" Road Fund for the year then ended in conformity with accounting principals generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 through 10 is not a required part of the basic financial statements, but is supplementary information, required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2007, on our consideration of Grand County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Grand County's basic financial statements. The combining and individual fund and schedules listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the County. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governmental and Non-Profit Organizations, and is not a required part of the basic financial statements. These financial statements and schedules are also the responsibility of the management of the County. Such additional information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, when considered in relation to the basic financial statements taken as a whole.

SMUIN, RICH & MARSING



Price, Utah

May 30, 2006

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **INTRODUCTION**

This Management's Discussion and Analysis (MD&A) of Grand County's financial performance is designed to assist readers in understanding the County's basic financial statements, the relationship of different types of statements, and the significant differences in the information they provide. The MD&A will identify changes in the County's ability to address the next and subsequent year's financial needs, based on currently known facts and is best understood if read in conjunction with Grand County's basic financial statements.

### **FINANCIAL HIGHLIGHTS AS OF THE CLOSE OF FY2006**

- The government-wide assets of Grand County exceeded its liabilities by \$69,854,910 million reflecting a change in net assets from the prior period increasing the total by \$108,464. The cost of capital assets are allocated over their estimated useful lives and reported as depreciation expense.
- The County's governmental funds reported combined ending fund balances of \$5,754,338 a decrease of \$950,177 over the prior year.
- Grand County had total overall revenue of \$14,165,163, which exceeded total expenses of \$14,056,699 by \$108,464.
- The County's government-wide long term debt decreased by \$261,442 from FY2005.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

Grand County's financial statements focus on both the County as a whole (government-wide), and on the major individual funds. "Funds" are resources segregated for the purposes of implementing specific activities in accordance with special regulations, restrictions, or limitations. Both government-wide and fund perspectives allow users to address relevant questions and understand changes in financial conditions. The structure of the financial statements is presented in the following pages of the MD&A.

The MD&A is intended to be an introduction to Grand County's basic financial statements and is comprised of three components, including government-wide financial statements, fund financial statements, and notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements.

#### **Government-Wide Financial Statements**

The government-wide financial statements are designed so that all governmental and business-type activities are reported in columns, which add to a total for the primary government. The Statement of Net Assets provides bottom line results of the County's activities as a whole and presents a longer-term view of the County's finances. The Statement of Net Assets and the Statement of Activities report information about Grand County and its activities to reflect the financial position. These two statements divide the County into three kinds of activities:

- **Governmental activities** – Most of the County's basic services and business-type activities including general administration are reported here. Property taxes, fees, and state and federal grants finance most of these activities.
- **Fund Financial Statements** – Provide information on the financial position of specific funds of the primary government.
- **Component Units** – The County includes separate legal entities in its report – Solid Waste Special Service District #1, Grand County Special Service Water District, Grand County Recreation Special Service District, Canyonlands Health Care Special Service District and Thompson Special Service District. Although legally separate, these component units are important because Grand County is financially accountable for them.

### **Fund Financial Statements**

Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes. The fund financial statements provide detailed information that focus on the most significant funds rather than the County as a whole. Major funds are separately reported to control and manage money and to show that legal responsibilities are met for certain taxes, grants and other designated funds. Grand County uses the following types of funds:

**Governmental Funds** – Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. Grand County has the following major governmental funds – General, Special Revenue and Capital Projects. The services accounted for in the General Fund include general government, public safety, judicial, public health, highway and public improvements, recreation and economic development.

**Proprietary Funds** – Consist of enterprise funds and internal service funds and are used to account for operations that are financed and operated in a manner similar to private businesses. Grand County has two enterprise funds – Grand County Municipal Building Authority and Sand Flats Recreation Area.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held by Grand County in a trustee capacity or as an agent for the benefit of other individuals, governmental units or other funds. Fiduciary funds are not reflected in the government-wide financial statements as the resources of those funds are not available to support the County's activities.

## **FINANCIAL ANALYSIS OF GRAND COUNTY, UTAH: GOVERNMENT-WIDE FINANCIAL STATEMENTS**

Comparative information for prior years is provided below:

### **Net Assets**

The County's assets exceeded its liabilities at the close of FY2006 by \$69,854,910. The largest segment of the County's net assets reflect its investment in capital assets (e.g., land, buildings, improvements, furniture, infrastructure), less any related outstanding debt used to acquire those assets. Capital Asset resources are not available for future spending and cannot be liquidated to pay off related liabilities. Resources needed to repay capital-related debt must be provided from other funding sources.



Restricted net assets amount to \$2,604,829 and represent resources that are subject to restrictions on how they may be used.

**Table 1**  
**Net Assets**

	Governmental Activities <u>2005</u>	Governmental Activities <u>2006</u>	Business-type Activities <u>2005</u>	Business-type Activities <u>2006</u>
Current and Other Assets	7,493,213	6,410,310	399,932	432,669
Capital Assets, net	67,389,580	68,348,866	4,559,838	4,456,279
Bonds Issuance Costs, net				
Bond Discount, net				
<b>Total Assets</b>	<b>74,882,793</b>	<b>74,759,176</b>	<b>4,959,770</b>	<b>4,888,948</b>
Long-term Debt Outstanding	5,370,366	5,242,063	3,294,746	3,155,000
Other Liabilities	1,165,741	1,134,877	265,263	261,274
<b>Total Liabilities</b>	<b>6,536,107</b>	<b>6,376,940</b>	<b>3,560,009</b>	<b>3,416,274</b>
<b>Net Assets:</b>				
Investment in Capital Assets,				
Net of Debt	61,959,569	63,033,212	1,026,323	1,189,254
Restricted for:				
Class "B" Road	617,926	511,785		
Grants	682,567	418,243		
Capital Projects Fund	1,849,152	949,220		
Debt Service Fund	545,054	581,761	129,826	143,820
Unrestricted	2,692,418	2,888,015	243,612	139,600
<b>Total Net Assets</b>	<b>68,346,686</b>	<b>68,382,236</b>	<b>1,399,761</b>	<b>1,472,674</b>

#### **Changes in Net Assets**

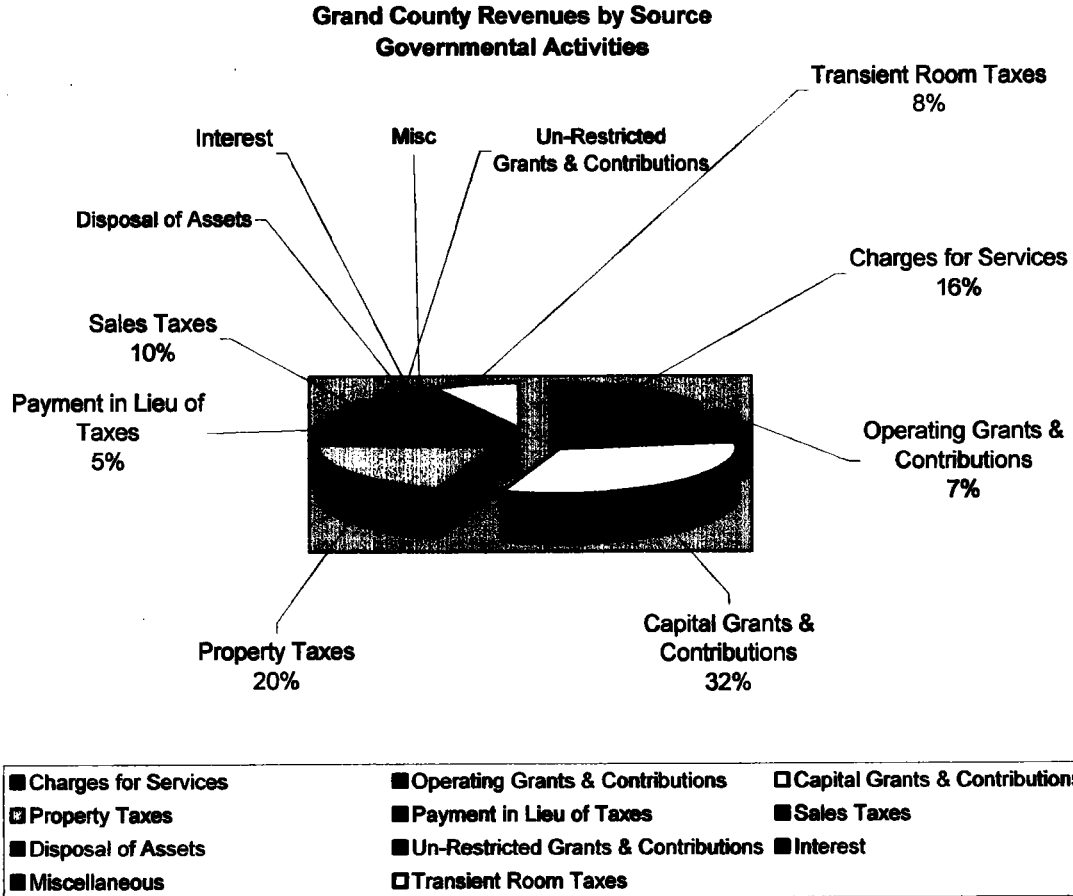
Grand County's combined ending net assets total \$69,854,910 million, an increase of \$108,463 over the prior year's ending net asset balances. The cost of capital assets are allocated over their estimated useful lives and reported as depreciation expense. The following table summarizes the changes in Grand County's net assets:

**Table 2**  
**Changes in Net Assets**

	Governmental Activities <u>2005</u>	Governmental Activities <u>2006</u>	Business-type Activities <u>2005</u>	Business-type Activities <u>2006</u>
<b>Revenues</b>				
<b>Program Revenues:</b>				
Charges for Services	2,137,731	2,205,968	237,613	258,240
Operating Grants and Contributions	2,151,530	927,352		
Capital Grants and Contributions	1,015,940	4,499,803		
<b>General Revenues:</b>				
Property Taxes	2,588,492	2,805,600		
Transient Room Tax	1,011,771	1,119,343		
Payment in Lieu of Taxes	653,761	665,757		
Sales Taxes	927,410	1,349,001		
Gains/(Loss) on Disposal of Assets	580,641	1,401		
Grants & Contributions not Restricted to Specific Programs	123,502		5,939	86,949
Interest	210,233	212,995	31,632	7,795
Miscellaneous	22,677	24,959		
Total Revenues	<u>11,423,688</u>	<u>13,812,179</u>	<u>274,911</u>	<u>352,984</u>
<b>Program Expenses</b>				
General Government	2,220,021	2,650,692		
Public Safety	3,327,291	3,184,687		
Public Health	390,383	957,568		
Highways & Public Improvements	3,926,927	3,995,624		
Parks & Recreation	1,240,298	1,638,375		
Conservation & Economic Develop	951,882	970,067		
Intergovernmental	48,634	79,601		
Interest on Long-term Debt	132,434	149,339		
Municipal Building Authority			232,876	188,478
Sandflats Recreation			233,732	242,268
Total Expenses	<u>12,237,870</u>	<u>13,625,953</u>	<u>466,608</u>	<u>430,746</u>
Excess (deficiency) before Transfers	( 814,182)	186,226	(191,697)	( 77,762)
Transfers in/(out)	( 134,243)	( 150,676)	134,243	150,676
Change in Net Assets	<u>( 948,425)</u>	<u>35,550</u>	<u>( 57,454)</u>	<u>72,914</u>
Net Assets – Beginning	69,295,111	68,346,686	1,457,215	1,399,760
Net Assets – Ending	<u>68,346,686</u>	<u>68,382,236</u>	<u>1,399,761</u>	<u>1,472,674</u>
	( 948,425)	35,550	( 57,454)	72,914

### Governmental Activities

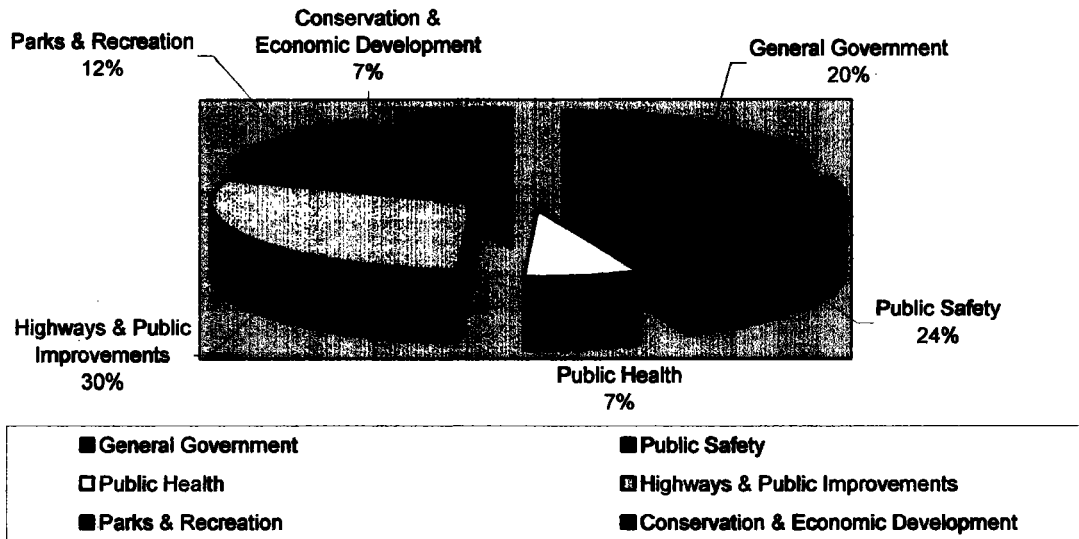
Sources of revenues for the County's governmental activities are comprised of the items listed below and total \$14,165,163.



Taxes constitute one of the largest source of Grand County revenues. Property and sales tax combined represent 30% of the total revenue and signify an increase of \$638,699 from the previous reporting period.

The cost of all governmental activities for FY 2006 was \$14,066,699. The following chart represents expenses by the County's largest functions.

**Grand County  
Expenses by Function**



**Capital Asset and Debt Administration**

**Capital Assets**

Grand County's investment in capital assets for all governmental activities as of December 31, 2006 amounted to \$72,805,145. Capital asset investments include land, buildings, improvements other than buildings and equipment. Roads, highways, bridges and work in progress are incorporated in the infrastructure, as summarized below:

Table 4  
Capital Assets at Year-end  
(Net of Depreciation)

	Governmental	Activities	Business- Type	Activities
	2005	2006	2005	2006
Land	2,339,229	2,339,229	813,515	813,515
Right of Ways	4,863,194	4,894,694		
Buildings	5,226,999	7,596,573	7,596,573	3,565,249
Improvements other than Buildings	4,893,476	4,578,723	52,446	52,086
Equipment	1,409,341	1,239,431	36,773	25,429
Infrastructure	47,556,691	45,541,878		
Work in Progress	1,100,650	2,158,338		
<b><u>TOTAL</u></b>	<b><u>67,389,580</u></b>	<b><u>68,348,866</u></b>	<b><u>4,559,838</u></b>	<b><u>4,456,279</u></b>

Additional information on Grand County's capital assets can be found in the notes to the financial statements.

### Long-term Debt

The Debt Service Fund accounts for resources obtained and used for the payment of principal and interest on long-term obligations and on general obligation bonds, which are funded from general governmental fund operations. The amount of general obligation debt a governmental entity may issue is limited to two percent of its total fair market value of taxable property. Grand County currently has capital lease and bond debt of \$8,548,196. The following table is a summary of Grand County's gross outstanding long-term debt as of December 31, 2006.

	Governmental	Activities	Business- Type	Activities
	2005	2006	2005	2006
Capital Lease Payables	146,436	251,450	11,901	1,746
Bond Payable	5,176,000	4,955,000	3,475,300	3,340,000
<b>TOTAL</b>	<b>5,322,436</b>	<b>5,206,450</b>	<b>3,487,201</b>	<b>3,341,746</b>

More detailed information about the County's long-term liabilities is available in the notes to the financial statements.

### Business-type Activities

Enterprise Funds are used to report the functions presented as *business-type activities* shown in the above charts and in the government-wide statements. The activity of the Enterprise Fund experienced an increase in net assets due to construction of new facilities and acquisition of property. The fund financial statements provide more detail and additional information for the County's Enterprise Funds.

### GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the County revised their general fund budget once. The original budget was adopted on December 20, 2005 and was amended on December 19, 2006. The difference of \$80,677 between the original budget expenditures and the final amended budget expenditures can be briefly summarized as follows:

- \$147,381 increase in general government
- \$30,787 increase in public safety
- \$22,170 increase in public health
- \$ 4,300 increase in highways and public improvements
- \$27,300 increase in parks, recreation and public property
- \$82,534 decrease in conservation and economic development
- \$65,731 decrease in debt service payments
- \$ 2,996 decrease in contribution to other governments

The overall increase of \$80,677 was funded primarily by the new growth of general property taxes and sales taxes. During the year actual revenues were greater than budgeted revenues by \$462,916 and actual expenditures were more than budgeted expenditures by 402.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Grand County Council will consider a number of factors when setting the FY 2007 Budget including but not limited to the labor market and unemployment rate, increase/decrease in market values of property and certified tax rates. Construction plans to be considered for 2007 consist of the remodeling of the former Grand County Library building, remodel of the former Civic Center to house the Emergency Medical Services operations and Sheriff Office remodel and Jail expansion projects.

## **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and show accountability for the money it receives. If you have questions about this report or need additional financial information, contact Diana Carroll, Grand County Clerk/Auditor, 125 E. Center Street, Moab, Utah 84532.

**GRAND COUNTY  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2006**

	PRIMARY GOVERNMENT			
	GOVERN- MENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
<u>ASSETS</u>				
Cash and cash equivalents	\$ 6,333		\$ 6,333	\$ 698,538
Investments	1,979,199	\$ 132,799	2,111,998	2,968,725
Taxes receivable	1,572,040		1,572,040	86,700
Accounts receivable - net	1,639		1,639	3,866,574
Other receivables		129,378	129,378	111,911
Internal balances	1,567	(1,567)		
Due from other governmental units	1,857,734		1,857,734	132,206
Inventory				299,828
Restricted cash	31,959		31,959	314,463
Restricted Investments	949,241	143,820	1,093,061	217,663
Other current assets				1,850
Bond issuance costs	10,598	28,239	38,837	
Capital assets (net of accumulated depreciation):				
Land	2,339,229	813,515	3,152,744	1,607,337
Rights of Way	4,894,694		4,894,694	
Buildings	7,596,573	3,565,249	11,161,822	2,197,345
Improvements other than buildings	4,578,723	52,086	4,630,809	1,390,482
Equipment	1,239,431	25,429	1,264,860	1,002,719
Infrastructure	45,541,878		45,541,878	1,715,225
Work in progress	2,158,338		2,158,338	677,727
Total assets	\$ 74,759,176	\$ 4,888,948	\$ 79,648,124	\$ 17,289,293
<u>LIABILITIES</u>				
Accounts payable	\$ 604,382	\$ 12,900	\$ 617,282	\$ 2,353,989
Accrued liabilities	102,759	7,349	110,108	1,646
Bond interest payable	109,204	54,279	163,483	35,549
Notes payable - Due within one year				91,596
General obligation bonds - Due within one year	227,000		227,000	458,469
Revenue bonds - Due within one year		185,000	185,000	
Capital leases payable - Due within one year	91,532	1,746	93,278	135,315
Note payable - Due in more than one year				192,382
General obligation bonds - Due in more than one year	4,728,000		4,728,000	1,622,880
Revenue bonds payable - Due in more than one year		3,155,000	3,155,000	
Capital leases payable - Due in more than one year	159,918		159,918	178,933
Compensated absences	354,145		354,145	
Total liabilities	\$ 6,376,940	\$ 3,416,274	\$ 9,793,214	\$ 5,070,759

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2006**

	<u>PRIMARY GOVERNMENT</u>			<u>COMPONENT UNITS</u>
	<u>GOVERN- MENTAL ACTIVITIES</u>	<u>BUSINESS- TYPE ACTIVITIES</u>	<u>TOTAL</u>	
<b><u>NET ASSETS</u></b>				
Invested in capital assets, net of related debt	\$ 63,033,212	\$ 1,243,533	\$ 64,276,745	\$ 6,161,260
Restricted for:				
Class "B" roads	511,785		511,785	
Grants	418,243		418,243	
Capital Projects	949,220		949,220	2,076,559
Debt Service	581,761	143,820	725,581	730,630
Unrestricted	<u>2,888,015</u>	<u>85,321</u>	<u>2,973,336</u>	<u>3,250,085</u>
Total net assets	<u>\$ 68,382,236</u>	<u>\$ 1,472,674</u>	<u>\$ 69,854,910</u>	<u>\$ 12,218,534</u>

"The notes to the financial statements are an integral part of this statement."



**GRAND COUNTY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

Function/Programs	PROGRAM REVENUES			NET (EXPENSE) REVENUE & CHANGES IN NET ASSETS			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	COMPONENTS UNITS
<b>Primary government:</b>							
<b>Governmental activities:</b>							
General government	\$ 2,650,692	\$ 904,407	\$ 155,329	\$ 165,933	\$ (1,425,023)	\$ (1,425,023)	
Public safety	3,184,687	623,840	439,624	112,222	(2,009,001)	(2,009,001)	
Public health	957,568	385,994	88,396	5,536	(477,642)	(477,642)	
Highways and public improvements	3,995,624	187,207		1,537,183	(2,271,234)	(2,271,234)	
Parks and recreation	1,638,375	88,767	142,465	2,678,929	1,271,786	1,271,786	
Conservation & economic development	970,067	15,753	101,538		(852,776)	(852,776)	
<b>Intergovernmental</b>	79,601				(79,601)	(79,601)	
Interest on long-term debt	149,339				(149,339)	(149,339)	
<b>Total governmental activities</b>	\$ 13,625,953	\$ 2,205,968	\$ 927,352	\$ 4,499,803	\$ (5,992,830)	\$ (5,992,830)	
<b>Business-type activities:</b>							
<b>MBA</b>	\$ 188,478					\$ (188,478)	
<b>Sandflats</b>	242,268	\$ 258,240				15,972	
<b>Total business-type activities</b>	\$ 430,746	\$ 258,240	\$	\$	\$	\$ (172,506)	
<b>Total primary government</b>	\$ 14,056,699	\$ 2,464,208	\$ 927,352	\$ 4,499,803	\$ (5,992,830)	\$ (6,165,336)	
<b>Component Units:</b>							
<b>Solid Waste Special Service District</b>	\$ 531,370	\$ 413,706				\$ (117,664)	
<b>Thompson Special Service District</b>	37,427	55,088	\$ 231,200			248,861	
<b>Grand County Special Service Water District</b>	98,662					(98,662)	
<b>Grand County Recreation Special Service District</b>	429,951					(429,951)	
<b>Cheyvalands Health Care Special Service District</b>	14,416,069	14,276,096	\$ 210,827			70,854	
<b>Total component units</b>	\$ 15,513,479	\$ 14,744,890	\$	\$ 231,200	\$	\$ (326,562)	
<b>General revenue:</b>							
Property taxes					\$ 2,805,600	\$ 2,805,600	\$ 169,384
Transient room tax					1,119,343	1,119,343	
Payment in lieu of taxes					665,757	665,757	119,280
Sales taxes					1,349,001	1,349,001	
Mineral lease revenue							1,315,311
Grants and contributions not restricted to specific programs					\$ 86,949	86,949	
Unrestricted investment earnings					212,995	220,790	159,186
Gain/(Loss) on disposal of assets					1,401	1,401	(1,814)
Miscellaneous					24,959	24,959	20,470
Transfers in (out)					(150,676)	150,676	
<b>Total general revenues and transfers</b>					\$ 6,028,380	\$ 245,420	\$ 1,781,817
<b>Change in net assets</b>					\$	\$ 72,914	\$ 108,464
<b>Net assets - beginning</b>					\$ 35,550	\$ 1,395,760	\$ 69,746,446
<b>Net assets - ending</b>					\$ 68,382,236	\$ 1,472,674	\$ 69,854,910
							\$ 12,218,534

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	GENERAL FUND	"B" ROAD	CAPITAL PROJECTS LIBRARY	CAPITAL PROJECTS AIRPORT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>						
Cash	\$ 6,333					\$ 6,333
Investments	430,543	\$ 192,232	\$ 130,031		\$ 1,899,650	2,652,456
Receivables (net):						
Accounts					1,639	1,639
Taxes	1,044,800				527,240	1,572,040
Due from other governments	158,467	327,821		\$ 1,182,374	183,014	1,851,676
Restricted cash					31,959	31,959
Restricted investments	53,681				895,539	949,220
<b>Total assets</b>	<b>\$ 1,693,824</b>	<b>\$ 520,053</b>	<b>\$ 130,031</b>	<b>\$ 1,182,374</b>	<b>\$ 3,539,041</b>	<b>\$ 7,065,323</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Cash deficit				\$ 521,924	\$ 87,283	\$ 609,207
Accounts payable	\$ 36,841	\$ 391		535,926	25,861	599,019
Accrued liabilities	82,747	7,877			12,135	102,759
<b>Total liabilities</b>	<b>\$ 119,588</b>	<b>\$ 8,268</b>	<b>\$ ...</b>	<b>\$ 1,057,850</b>	<b>\$ 125,279</b>	<b>\$ 1,310,985</b>
<b>Fund balances:</b>						
Reserved for:						
Class "B" Road		\$ 511,785				\$ 511,785
Capital projects			\$ 130,031	\$ 124,524	\$ 694,665	949,220
Debt service					581,761	581,761
Unreserved, reported in:						
General fund	\$ 1,574,236					1,574,236
Special revenue fund					2,137,336	2,137,336
<b>Total fund balances</b>	<b>\$ 1,574,236</b>	<b>\$ 511,785</b>	<b>\$ 130,031</b>	<b>\$ 124,524</b>	<b>\$ 3,413,762</b>	<b>\$ 5,754,338</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,693,824</b>	<b>\$ 520,053</b>	<b>\$ 130,031</b>	<b>\$ 1,182,374</b>	<b>\$ 3,539,041</b>	<b>\$ 7,065,323</b>

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY  
RECONCILIATION OF THE BALANCE SHEET  
OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2006**

Total fund balances - governmental fund types: \$ 5,754,338

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. These assets consist of: 68,348,866

Land	\$ 2,339,229
Rights of Way	4,894,694
Buildings	7,596,573
Improvements other than buildings	4,578,723
Equipment	1,239,431
Infrastructure	45,541,878
Work in progress	<u>2,158,338</u>
Total	<u>\$ 68,348,866</u>

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (5,659,201)

Bonds interest payable	\$ (109,204)
Bond issuance costs, net	10,598
Revenue and general obligations bonds - Due within one year	(227,000)
Revenue and general obligation bonds - Due in more than one year	(4,728,000)
Capital leases payable - Due within one year	(91,532)
Capital leases payable - Due in more than one year	(159,918)
Compensated absences	<u>(354,145)</u>
Total	<u>\$ (5,659,201)</u>

Internal service funds are used by management to charge the costs of various insurance to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets.

(61,767)

Net assets of government activities \$ 68,382,236

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	GENERAL FUND	"B" ROAD	CAPITAL PROJECTS LIBRARY	CAPITAL PROJECTS AIRPORT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>						
Taxes	\$ 3,039,992				\$ 2,223,792	\$ 5,263,784
Licenses and permits	155,746					155,746
Intergovernmental revenues	1,121,815	\$ 1,537,183	\$ 35,790	\$ 1,890,407	1,152,314	5,737,509
Charges for services	460,145	70,608			709,351	1,240,104
Fines and forfeitures	539,785					539,785
Interest income	113,037	24,126	27,007		64,437	228,607
Miscellaneous	298,334	225	1,069		354,334	653,962
<b>Total revenues</b>	<b>\$ 5,728,854</b>	<b>\$ 1,632,142</b>	<b>\$ 63,866</b>	<b>\$ 1,890,407</b>	<b>\$ 4,504,228</b>	<b>\$ 13,819,497</b>
<b>EXPENDITURES:</b>						
Current:						
General government	\$ 2,476,243				\$ 11,804	\$ 2,488,047
Public safety	2,473,272				613,608	3,086,880
Highways and public improvements	113,316	\$ 1,753,283			57,655	1,924,254
Public health	294,174				655,685	949,859
Parks, recreation, and public property	317,863				942,828	1,260,691
Conservation and economic development	38,974				937,045	976,019
Intergovernmental	79,601					79,601
Capital outlay			\$ 1,656,091	\$ 1,892,035	41,825	3,589,951
Debt service:						
Principal retirement	60,038				244,440	304,478
Interest and fiscal charges	4,231				143,478	147,709
<b>Total expenditures</b>	<b>\$ 5,857,712</b>	<b>\$ 1,753,283</b>	<b>\$ 1,656,091</b>	<b>\$ 1,892,035</b>	<b>\$ 3,648,368</b>	<b>\$ 14,807,489</b>
<b>Excess revenues over (under) expenditures</b>	<b>\$ (128,858)</b>	<b>\$ (121,141)</b>	<b>\$ (1,592,225)</b>	<b>\$ (1,628)</b>	<b>\$ 855,860</b>	<b>\$ (987,992)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	\$ 356,000	\$ 15,000		\$ 77,000	\$ 521,286	\$ 969,286
Transfers out	(154,850)				(965,112)	(1,119,962)
Capital lease financing	69,716				118,775	188,491
<b>Total other financing sources (uses)</b>	<b>\$ 270,866</b>	<b>\$ 15,000</b>	<b>\$</b>	<b>\$ 77,000</b>	<b>\$ (325,051)</b>	<b>\$ 37,815</b>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<b>\$ 142,008</b>	<b>\$ (106,141)</b>	<b>\$ (1,592,225)</b>	<b>\$ 75,372</b>	<b>\$ 530,809</b>	<b>\$ (950,177)</b>
<b>FUND BALANCES - beginning of year</b>	<b>1,432,228</b>	<b>617,926</b>	<b>1,722,256</b>	<b>49,152</b>	<b>2,882,953</b>	<b>6,704,515</b>
<b>FUND BALANCES - end of year</b>	<b>\$ 1,574,236</b>	<b>\$ 511,785</b>	<b>\$ 130,031</b>	<b>\$ 124,524</b>	<b>\$ 3,413,762</b>	<b>\$ 5,754,338</b>

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds \$ (950,177)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

General government	\$	18,695
Public safety		325,374
Highways		303,298
Health		23,685
Parks and recreation		8,000
Capital projects		<u>3,328,006</u>
 Total assets shown as expenditures	 \$	 4,007,058
Less: depreciation		<u>(3,040,454)</u>

Difference between expenditure and depreciation 966,604

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets. (7,318)

Expenditures in the statement of activities that do not consume financial resources are not reported as expenditures in the funds. (Change in accrued interest payable) (1,630)

The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the effect of payment of principal on long-term obligation (e.g., bonds, leases). 114,809

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Compensated absences. (1,737)

The net revenue (loss) of certain activities of internal service funds is reported with governmental activities. (85,001)

Change in net assets of governmental activities \$ 35,550

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	BUDGET AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
<b>Taxes</b>				
General property taxes - current year	\$ 1,655,168	\$ 1,655,168	\$ 1,841,659	\$ 186,491
General property taxes - prior years	85,000	85,000	97,998	12,998
Penalties and interest on delinquent taxes	51,563	51,563	46,306	(5,257)
General sales and aviation tax	910,905	910,905	1,054,029	143,124
<b>Total taxes</b>	<b>\$ 2,702,636</b>	<b>\$ 2,702,636</b>	<b>\$ 3,039,992</b>	<b>\$ 337,356</b>
<b>Licenses and permits:</b>				
Business licenses and permits	\$ 24,000	\$ 24,000	\$ 27,067	\$ 3,067
Non-business licenses and permits	166,500	166,500	128,679	(37,821)
<b>Total licenses and permits</b>	<b>\$ 190,500</b>	<b>\$ 190,500</b>	<b>\$ 155,746</b>	<b>\$ (34,754)</b>
<b>Intergovernmental:</b>				
Federal	\$ 695,814	\$ 695,814	\$ 844,295	\$ 148,481
State	100,764	100,764	118,910	18,146
Other	304,200	154,200	158,610	4,410
<b>Total intergovernmental</b>	<b>\$ 1,100,778</b>	<b>\$ 950,778</b>	<b>\$ 1,121,815</b>	<b>\$ 171,037</b>
<b>Charges for services:</b>				
Departmental fees	\$ 340,200	\$ 152,300	\$ 143,868	\$ (8,432)
Inmate fees	128,000	273,000	302,427	29,427
Other fees	36,000	22,000	13,850	(8,150)
<b>Total charges for services</b>	<b>\$ 504,200</b>	<b>\$ 447,300</b>	<b>\$ 460,145</b>	<b>\$ 12,845</b>
<b>Fines and forfeitures</b>	<b>\$ 571,000</b>	<b>\$ 571,000</b>	<b>\$ 539,785</b>	<b>\$ (31,215)</b>
<b>Miscellaneous:</b>				
Investment earnings	\$ 60,000	\$ 101,000	\$ 113,037	\$ 12,037
Rents and concessions	294,824	274,824	270,108	(4,716)
Sale of material, supplies and equipment	7,900	2,000	2,131	131
Other	41,330	25,900	26,095	195
<b>Total miscellaneous</b>	<b>\$ 404,054</b>	<b>\$ 403,724</b>	<b>\$ 411,371</b>	<b>\$ 7,647</b>
<b>Total Revenues</b>	<b>\$ 5,473,168</b>	<b>\$ 5,265,938</b>	<b>\$ 5,728,854</b>	<b>\$ 462,916</b>

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
				<u>FAVORABLE</u>
				<u>(UNFAVORABLE)</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
County Council	\$ 71,977	\$ 74,577	\$ 72,337	\$ 2,240
Justice court	209,049	209,049	192,602	16,447
Public defender	126,690	126,690	114,257	12,433
Personnel/Administrator	132,554	136,554	130,337	6,217
Clerk/Auditor	250,825	263,601	259,064	4,537
Treasurer	110,914	121,864	118,454	3,410
Recorder	172,274	172,274	170,606	1,668
Attorney	274,800	290,365	285,659	4,706
Assessor	198,669	213,169	209,859	3,310
Non-Departmental	151,200	184,300	180,428	3,872
County Maintenance		45,530	47,617	(2,087)
Data processing	9,000	12,100	10,931	1,169
Elections	32,200	37,400	201,567	(164,167)
Planning and zoning	108,076	134,076	145,367	(11,291)
Surveyor	31,043	31,043	12,683	18,360
Building and grounds	344,591	318,651	324,475	(5,824)
Total general government	\$ 2,223,862	\$ 2,371,243	\$ 2,476,243	\$ (105,000)
Public safety:				
Sheriff	\$ 1,209,349	\$ 1,202,555	\$ 1,194,462	\$ 8,093
Jail	989,221	1,016,287	998,057	18,230
Liquor law enforcement		20,000	20,000	
State prisoner reimbursements		5,000	5,730	(730)
Fire control	49,764	49,764	29,316	20,448
Building inspector	134,216	134,216	121,831	12,385
Weed control	66,949	72,764	67,504	5,260
Animal control	14,000	14,000	8,394	5,606
911 Emergency	20,300			
Emergency management	30,400	30,400	27,978	2,422
Total public safety	\$ 2,514,199	\$ 2,544,986	\$ 2,473,272	\$ 71,714
Public health:				
Public health	\$ 88,274	\$ 88,274	\$ 88,274	
Senior citizens	190,209	212,379	205,900	6,479
Total public health	\$ 278,483	\$ 300,653	\$ 294,174	\$ 6,479

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY  
- GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	BUDGET AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
Highways and public improvements:				
County roads	\$ 52,179	\$ 37,179	\$ 36,400	\$ 779
Airport	59,652	78,952	76,916	2,036
Total highways and public improvements	\$ 111,831	\$ 116,131	\$ 113,316	\$ 2,815
Parks, recreation, and public property:				
Lions Park		\$ 4,000	\$ 3,589	\$ 411
Spanish Trail Arena	\$ 142,119	165,419	159,588	5,831
Museum	63,866	63,866	62,679	1,187
Community Center	101,190	101,190	92,007	9,183
Total parks, recreation & public prop.	\$ 307,175	\$ 334,475	\$ 317,863	\$ 16,612
Conservation and Economic Development:				
Agriculture and extension services	\$ 41,019	\$ 41,019	\$ 38,974	\$ 2,045
CDBG grants	82,534			
Total conservation and economic development	\$ 123,553	\$ 41,019	\$ 38,974	\$ 2,045
Debt service:				
Principal retirement	\$ 130,000	\$ 60,038	\$ 60,038	
Interest and fiscal charges		4,231	4,231	
Total debt service	\$ 130,000	\$ 64,269	\$ 64,269	\$
Intergovernmental:				
Contributions to other governments	\$ 87,530	\$ 84,534	\$ 79,601	\$ 4,933
Total intergovernmental	\$ 87,530	\$ 84,534	\$ 79,601	\$ 4,933
Total expenditures	\$ 5,776,633	\$ 5,857,310	\$ 5,857,712	\$ (402)
Excess of revenue over (under) expenditures	\$ (303,465)	\$ (591,372)	\$ (128,858)	\$ 462,514
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 96,000	\$ 356,000	\$ 356,000	
Transfers out	(141,850)	(154,850)	(154,850)	
Capital lease financing	130,000	130,000	69,716	\$ (60,284)
Total other financing sources (uses)	\$ 84,150	\$ 331,150	\$ 270,866	\$ (60,284)

"The notes to the financial statements are an integral part of this statement."



**GRAND COUNTY  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Excess of revenues and other sources over (under) expenditures and other uses	\$ (219,315)	\$ (260,222)	\$ 142,008	\$ 402,230
Fund balances - beginning of year	<u>1,432,228</u>	<u>1,432,228</u>	<u>1,432,228</u>	
Fund balances - end of year	<u>\$ 1,212,913</u>	<u>\$ 1,172,006</u>	<u>\$ 1,574,236</u>	<u>\$ 402,230</u>

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY**  
**"B" ROAD FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
				<u>FAVORABLE</u>
				<u>(UNFAVORABLE)</u>
<b>REVENUES</b>				
Intergovernmental Revenues				
Intergovernmental revenues	\$ 1,600,000	\$ 1,600,000	\$ 1,537,183	\$ (62,817)
Total Intergovernmental	\$ 1,600,000	\$ 1,600,000	\$ 1,537,183	\$ (62,817)
Charges for Services				
Charges for services	\$ 117,213	\$ 117,213	\$ 70,608	\$ (46,605)
Total charges for services	\$ 117,213	\$ 117,213	\$ 70,608	\$ (46,605)
Miscellaneous				
Investment earnings	\$ 15,000	\$ 15,000	\$ 24,126	\$ 9,126
Other	500	500	225	(275)
Total miscellaneous	\$ 15,500	\$ 15,500	\$ 24,351	\$ 8,851
Total Revenues	\$ 1,732,713	\$ 1,732,713	\$ 1,632,142	\$ (100,571)
<b>EXPENDITURES</b>				
Current:				
Highways and public improvements				
Salaries and benefits	\$ 1,010,486	\$ 1,010,486	\$ 991,242	\$ 19,244
Supplies	11,200	11,200	10,295	905
Utilities	25,000	25,000	17,813	7,187
Fuel	137,000	137,000	130,907	6,093
Repairs and maintenance	217,000	217,000	196,037	20,963
Professional services	61,000	61,000	48,222	12,778
Highway projects	326,000	326,000	306,303	19,697
Capital improvements	52,300	52,300	52,216	84
Miscellaneous	1,100	1,100	248	852
Total highways and public improvements	\$ 1,841,086	\$ 1,841,086	\$ 1,753,283	\$ 87,803
Total expenditures	\$ 1,841,086	\$ 1,841,086	\$ 1,753,283	\$ 87,803
Excess of revenue over (under) expenditures	\$ (108,373)	\$ (108,373)	\$ (121,141)	\$ (12,768)

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY**  
**"B" ROAD FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in			\$ 15,000	\$ 15,000
Total other financing sources (uses)	\$ ...	\$ ...	\$ 15,000	\$ 15,000
Excess of revenue and other sources over (under) expenditures and other uses	\$ (108,373)	\$ (108,373)	\$ (106,141)	\$ 2,232
Fund balances - beginning of year	617,926	617,926	617,926	
Fund balances - end of year	<u>\$ 509,553</u>	<u>\$ 509,553</u>	<u>\$ 511,785</u>	<u>\$ 2,232</u>

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2006**

**BUSINESS-TYPE ACTIVITIES -**  
**ENTERPRISE FUNDS**

	<u>MUNICIPAL BUILDING AUTHORITY</u>	<u>NONMAJOR FUNDS SANDFLAT</u>	<u>TOTAL BTAs</u>	<u>INTERNAL SERVICE FUND</u>
<b>ASSETS</b>				
Current assets:				
Investments	\$ 41,365	\$ 91,434	\$ 132,799	
Receivables - net				\$ 6,058
Accounts				
Miscellaneous	129,000	378	129,378	
Restricted investments	143,820		143,820	
Bond issue costs	28,239		28,239	
Total current assets	<u>\$ 342,424</u>	<u>\$ 91,812</u>	<u>\$ 434,236</u>	<u>\$ 6,058</u>
Noncurrent assets:				
Land	\$ 813,515		\$ 813,515	
Buildings	3,949,790		3,949,790	
Improvements other than buildings	4,818	\$ 99,963	104,781	
Furniture, fixtures and equipment	13,928	63,606	77,534	
Accumulated depreciation	(388,369)	(100,972)	(489,341)	
Total noncurrent assets	<u>\$ 4,393,682</u>	<u>\$ 62,597</u>	<u>\$ 4,456,279</u>	<u>\$ ...</u>
Total assets	<u>\$ 4,736,106</u>	<u>\$ 154,409</u>	<u>\$ 4,890,515</u>	<u>\$ 6,058</u>

"The notes to the financial statements are an integral part of this statement."

GRAND COUNTY  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2006

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	MUNICIPAL BUILDING AUTHORITY	NONMAJOR FUNDS SANDFLAT	TOTAL BTAs	INTERNAL SERVICE FUND
<b><u>LIABILITIES</u></b>				
Current liabilities:				
Cash deficit				\$ 64,029
Accounts payable		\$ 12,900	\$ 12,900	5,363
Accrued interest payable	\$ 54,279		54,279	
Accrued wages and benefits		7,349	7,349	
Current portion - lease payable		1,746	1,746	
Current portion - revenue bonds	185,000		185,000	
Total current liabilities	\$ 239,279	\$ 21,995	\$ 261,274	\$ 69,392
Noncurrent liabilities:				
Revenue bonds payable	\$ 3,155,000		\$ 3,155,000	
Total noncurrent liabilities	\$ 3,155,000	\$ ...	\$ 3,155,000	\$ ...
Total liabilities	\$ 3,394,279	\$ 21,995	\$ 3,416,274	\$ 69,392
Net Assets:				
Invested in capital assets, net of related debt	\$ 1,182,682	\$ 60,851	\$ 1,243,533	
Restricted	143,820		143,820	
Unrestricted	15,325	71,563	86,888	\$ (63,334)
Total net assets	\$ 1,341,827	\$ 132,414	\$ 1,474,241	\$ (63,334)
Adjustment to reflect the consolidation of ISF activities related to enterprise funds			(1,567)	
Net assets of business-type activities			\$ 1,472,674	

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISES FUNDS			INTERNAL SERVICE FUND
	MUNICIPAL BUILDING AUTHORITY	NONMAJOR FUNDS	TOTAL BTAs	
Operating revenues:				
Charges for sales and services		\$ 258,240	\$ 258,240	\$ 977,184
Total operating revenues	\$ ...	\$ 258,240	\$ 258,240	\$ 977,184
Operating expenses:				
Employee salaries and benefits		\$ 147,475	\$ 147,475	
Accounting services		5,000	5,000	
Office supplies		1,780	1,780	
Other supplies and services	\$ 4,248	10,847	15,095	
Contractual services		24,166	24,166	\$ 1,064,410
Utilities		3,897	3,897	
Fuel and oil		2,875	2,875	
Repairs and maintenance		9,889	9,889	
Depreciation	116,509	13,565	130,074	
Trust land fees		18,927	18,927	
Dump fees		3,450	3,450	
Bond issue costs	1,516		1,516	
Total operating expenses	\$ 122,273	\$ 241,871	\$ 364,144	\$ 1,064,410
Operating income (loss)	\$ (122,273)	\$ 16,369	\$ (105,904)	\$ (87,226)
Nonoperating revenues (expenses):				
Interest revenue	\$ 5,149	\$ 2,646	\$ 7,795	
Interest expense and administrative fees	(63,980)	(397)	(64,377)	
Contribution from other governments	86,658	291	86,949	
Total nonoperating revenues (expenses)	\$ 27,827	\$ 2,540	\$ 30,367	\$ ...
Income (loss) before transfers	\$ (94,446)	\$ 18,909	\$ (75,537)	\$ (87,226)
Transfers In (Out):				
Transfers in	\$ 160,676		\$ 160,676	
Transfers out		\$ (10,000)	(10,000)	
Total transfers in (out)	\$ 160,676	\$ (10,000)	\$ 150,676	\$ ...

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISES FUNDS			INTERNAL SERVICE FUND
	MUNICIPAL BUILDING AUTHORITY	NONMAJOR FUNDS	TOTAL BTAs	
Change in net assets	\$ 66,230	\$ 8,909	\$ 75,139	\$ (87,226)
Total net assets - beginning	<u>1,275,598</u>	<u>123,505</u>		<u>23,892</u>
Total net assets - ending	<u>\$ 1,341,828</u>	<u>\$ 132,414</u>		<u>\$ (63,334)</u>
Adjustment to reflect the consolidation of ISF activities related to enterprise funds			<u>(2,225)</u>	
Changes in net assets of business-type activities			<u>\$ 72,914</u>	

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS AND INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			INTERNAL SERVICE FUNDS
	MUNICIPAL BUILDING AUTHORITY	NON- MAJOR FUNDS	TOTAL BTA's	
<b>Cash Flows From Operating Activities:</b>				
Receipts from customers	\$ 7,000	\$ 258,384	\$ 265,384	\$ 971,126
Payments to suppliers	(5,400)	(83,930)	(89,330)	(1,059,047)
Payments to employees		(149,437)	(149,437)	
Net cash provided (used) by operating activities	\$ 1,600	\$ 25,017	\$ 26,617	\$ (87,921)
<b>Cash Flows From Noncapital Financing Activities:</b>				
Contribution from other governments	\$ 86,658	\$ 291	\$ 86,949	
Transfers from other funds	160,676		160,676	
Transfers to other funds		(10,000)	(10,000)	
Net cash provided (used) by noncapital financing activities	\$ 247,334	\$ (9,709)	\$ 237,625	\$ ...
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Principal paid on capital debt	\$ (135,300)	\$ (10,155)	\$ (145,455)	
Capital lease incurred	(26,514)		(26,514)	
Interest paid on capital debt	(56,016)	(397)	(56,413)	
Net cash provided (used) by capital and related financing activities	\$ (217,830)	\$ (10,552)	\$ (228,382)	\$ ...
<b>Cash Flows From Investing Activities:</b>				
Interest and dividends received	\$ 5,149	\$ 2,646	\$ 7,795	
Net cash provided (used) by investing activities	\$ 5,149	\$ 2,646	\$ 7,795	\$ ...
Net increase (decrease) in cash and cash equivalents	\$ 36,253	\$ 7,402	\$ 43,655	\$ (87,921)
Cash and investments, January 1	148,932	84,032	232,964	23,892
Cash and investments, December 31	\$ 185,185	\$ 91,434	\$ 276,619	\$ (64,029)

"The notes to the financial statements are an integral part of this statement."



**GRAND COUNTY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS AND INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			INTERNAL SERVICE FUNDS
	MUNICIPAL BUILDING AUTHORITY	NON- MAJOR FUNDS	TOTAL BTA's	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (122,273)	\$ 16,369	\$ (105,904)	\$ (87,226)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	\$ 116,509	\$ 13,565	\$ 130,074	
Bond amortization costs	1,516		1,516	
(Increase) Decrease in accounts receivable	7,000	144	7,144	\$ (6,058)
(Increase) Decrease in prepaids		32	32	
Increase (Decrease) in accounts payable	(1,152)	(3,099)	(4,251)	5,363
Increase (Decrease) in accrued liabilities		(1,994)	(1,994)	
Total adjustments	\$ 123,873	\$ 8,648	\$ 132,521	\$ (695)
Net cash provided (used) by operating activities	\$ 1,600	\$ 25,017	\$ 26,617	\$ (87,921)

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2006**

	<u>AGENCY FUNDS</u>
 <u><b>ASSETS</b></u>	
Cash	\$ 1,580,639
Investments	2,737,109
Receivables (net):	
Taxes	<u>88,471</u>
 Total assets	 <u><u>\$ 4,406,219</u></u>
 <u><b>LIABILITIES</b></u>	
Due governments and organizations	\$ 39,168
Due taxing units	4,353,685
Tax refund payable	<u>13,366</u>
 Total liabilities	 <u><u>\$ 4,406,219</u></u>

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY  
STATEMENT OF NET ASSETS  
COMPONENT UNITS  
DECEMBER 31, 2006**

	CANYONLANDS HEALTH CARE SPECIAL SERVICE DISTRICT	OTHER NONMAJOR COMPONENT UNITS	TOTAL
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 108,579	\$ 589,959	\$ 698,538
Investments	314,750	2,653,975	2,968,725
Accounts receivable - net	3,835,517	31,057	3,866,574
Other receivables	111,911		111,911
Tax receivables		86,700	86,700
Inventory	299,330	498	299,828
Due from other governmental units		132,206	132,206
Restricted cash	314,463		314,463
Restricted investments		217,663	217,663
Other current assets		1,850	1,850
Capital assets (net of depreciation):			
Land	1,344,761	262,576	1,607,337
Buildings	1,462,420	734,925	2,197,345
Improvements other than buildings	126,107	1,264,375	1,390,482
Equipment	904,701	98,018	1,002,719
Infrastructure		1,715,225	1,715,225
Work in progress	625,981	51,746	677,727
Total assets	<u>\$ 9,448,520</u>	<u>\$ 7,840,773</u>	<u>\$ 17,289,293</u>
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ 2,329,002	\$ 24,987	\$ 2,353,989
Accrued liabilities		1,646	1,646
Bond interest payable		35,549	35,549
Notes payable - Due within one year	89,539	2,057	91,596
G.O. and revenue bonds payable - Due within one year	323,369	135,100	458,469
Capital leases payable - Due within one year	135,315		135,315
Note payable - Due in more than one year	123,676	68,706	192,382
G.O. and revenue bonds payable - Due in more than one year	321,619	1,301,261	1,622,880
Capital leases payable - Due in more than one year	178,933		178,933
Total liabilities	<u>\$ 3,501,453</u>	<u>\$ 1,569,306</u>	<u>\$ 5,070,759</u>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	\$ 3,541,519	\$ 2,619,741	\$ 6,161,260
Restricted for:			
Capital projects	10,150	2,066,409	2,076,559
Debt service		730,630	730,630
Unrestricted	2,395,398	854,687	3,250,085
Total net assets	<u>\$ 5,947,067</u>	<u>\$ 6,271,467</u>	<u>\$ 12,218,534</u>

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY**  
**STATEMENT OF ACTIVITIES**  
**COMPONENT UNITS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

Function/Programs	PROGRAM REVENUES			NET (EXPENSE) REVENUE & CHANGES IN NET ASSETS		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	TOTAL MAJOR COMPONENT UNIT	OTHER NONMAJOR COMPONENT UNITS
<b>Governmental activities:</b>						
Canyonlands Health Care Special Service District						
General government	\$ 474,673	\$ 65,304	\$ 210,827		\$ (198,542)	\$ (198,542)
Public health	13,957,634	14,210,792			273,158	273,158
Interest on long term liabilities	3,762				(3,762)	(3,762)
Grand County Special Service Water District						
General government	39,561				\$ (39,561)	\$ (39,561)
Interest on long term debt	41,841				(41,841)	(41,841)
Grand County Recreation Special Service District						
Parks and recreation	429,951				(429,951)	(429,951)
<b>Total governmental activities</b>	<b>\$ 14,927,422</b>	<b>\$ 14,276,096</b>	<b>\$ 210,827</b>	<b>\$ ...</b>	<b>\$ 70,854</b>	<b>\$ (511,353)</b>
<b>Business-type activities:</b>						
Solid Waste Special Service District #1	\$ 531,370	\$ 413,706			\$ (117,664)	\$ (117,664)
Thompson Special Service District	37,427	55,088		\$ 231,200	248,861	248,861
<b>Total business-type activities</b>	<b>\$ 568,797</b>	<b>\$ 468,794</b>	<b>\$ ...</b>	<b>\$ 231,200</b>	<b>\$ 131,197</b>	<b>\$ 131,197</b>
<b>Total component units</b>	<b>\$ 15,496,219</b>	<b>\$ 14,744,890</b>	<b>\$ 210,827</b>	<b>\$ 231,200</b>	<b>\$ 70,854</b>	<b>\$ (309,302)</b>
<b>General revenues:</b>						
Property taxes					\$ 169,384	\$ 169,384
Payment in lieu of taxes					119,280	119,280
Mineral lease revenue					1,026,151	1,315,311
Gain (loss) on disposal of assets					(1,814)	(1,814)
Contribution to other governments					(17,260)	(17,260)
Investment earnings					131,192	159,186
Miscellaneous					20,470	20,470
<b>Total general revenues</b>					<b>\$ 317,154</b>	<b>\$ 1,447,403</b>
<b>Change in net assets</b>					<b>\$ 388,008</b>	<b>\$ 1,067,247</b>
<b>Net assets - beginning</b>					<b>5,559,059</b>	<b>5,204,220</b>
<b>Net assets - ending</b>					<b>\$ 5,947,067</b>	<b>\$ 6,271,467</b>
						<b>\$ 12,218,534</b>

"The notes to the financial statements are an integral part of this statement."

**GRAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of Grand County have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, (as amended by GASB Statement 37) Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments. Certain of the significant changes in the Statement include the following:

- The financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the County's overall financial position and results of operations.

Financial statements prepared using full-accrual accounting for all the County's activities.

- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including the notes to financial statements).

**A. Reporting Entity**

Grand County, Utah (the County) operates under a seven-member County Council form of government. The County provides the following services: Countywide services, such as those provided by elected officials (including assessing and collecting property taxes for all taxing districts in the County), health and human services to the unincorporated areas, such as fire and police protection, developmental services, street lighting, traffic engineering, highways, planning and zoning, animal services and justice courts.

The accompanying financial statements include the County, which is a political subdivision with corporate powers created under Utah State law, and all of its component units, collectively referred to as the financial reporting entity. Blended component units, although legally separate entities, are in substance part of the government's operations. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

**Blended Component Units** – These component units function for all practical purposes, as an integral part of Grand County despite their separate legal status.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Municipal Building Authority** – The Municipal Building Authority of Grand County was created by the County Council as a body politic and corporate for the purpose of financing, owning, leasing, or operating facilities to meet the needs of the County government. It is comprised of a governing body that has been appointed by the County Council and may be removed or replaced at any time by its discretion.

**Thompson Springs Special Service Fire District** – Thompson Springs Special Service Fire District was created for the purpose of providing fire protection to the Thompson area. The County Council is the governing board.

**Discrete Component Units** - These component units are entities, which are legally separate from the County, but are financially accountable to the County whose relationships with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Component Units, column of the government-wide financial statements include that financial data of these entities.

**Thompson Special Service District** – The District was created for the purpose of providing, water services to residents of the District's service area. The District operates under a board of trustee form of government. The Board's authority is derived from the Grand County Council, who has ultimate responsibility for the District. Separate financial statements may be obtained from Thompson Special Service District's administrative office in Thompson, Utah.

**Grand County Special Service Water District** - The District was created for the purpose of providing, within the area of a special service district, supply, treatment, and distribution of water. The County appoints the governing board. The District's financial statements were audited and issued under a separate cover.

**Canyonlands Health Care Special Service District** - The Canyonlands Health Care Special Service District was established by the governing authority of the County, upon its own motion, for the benefit of the public health, convenience, and necessity of providing health care services. The County appoints the governing board of the Hospital. The Hospital's financial statements were audited and issued under a separate cover. Separate financial statements may be obtained from Canyonlands Health Care Special Service District's administrative office in Moab, Utah.

**Grand County Recreation Special Service District** – The District was created as a body politic and corporate, for the purpose of providing, within the area of the service district, recreation services. The County appoints the governing board of the District. The District's financial statements were audited and its report was issued under a separate cover. Separate financial statements may be obtained from Grand County Recreation Special Service District's administrative offices in Moab, Utah.

**Solid Waste Special Service District #1** - The District was created as a body politic and corporate, for the purpose of providing sanitation services to the residents within the service district. The County appoints the governing board of the District. The District was audited and its report has been issued under a separate cover. Separate financial statements may be obtained from Solid Waste Management Special Service District's administrative offices in Moab, Utah.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Related Organizations**

Grand County Water Conservancy District - The Water Conservancy District was created for the greatest beneficial use of water within the County. Water conservancy districts are created under the "Water Conservancy Act". The County appoints the directors of the District. The District's financial statements have been audited and issued under a separate cover.

Spanish Valley Water and Sewer Improvement District - The District was created for the purpose of supplying, treating, and distributing water and the collection, treatment and distribution of sewage. The County appoints the directors of the District. The District's financial statements were audited and issued under a separate cover.

Grand Water and Sewer Service Agency - The Agency was created for the purpose of central management of other similar districts. The County appoints the governing board. The Agency's financial statements were audited and issued under a separate cover.

Moab Mosquito Abatement District - The Moab Mosquito Abatement District was created by Grand County after receiving the required petition signed by a certain number of registered voters within the District. The County Council appoints the governing board. The District's financial statements were compiled and issued under a separate cover.

Elgin Mosquito Abatement District - The Elgin Mosquito Abatement District was created by Grand County after receiving the required petition signed by a certain number of registered voters within the District. The County Council appoints the governing board. The District was audited, or had financial statements compiled or reviewed by others, and issued under a separate cover.

Grand County Cemetery District - The District was created for the purpose of maintaining cemeteries within the area of the service district. The County appoints the governing board. The District's financial statements were audited and issued under a separate cover.

**B. Government-Wide and Fund Financial Accounting**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties for goods and services.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Direct expenses can include certain indirect costs (administrative overhead charges) that are automatically allocated to the various functions.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

B. **Government-Wide and Fund Financial Accounting (Continued)**

Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, component unit funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The remaining governmental and enterprise funds are combined into a single column and reported as other (non-major) funds. The internal service fund is reported in a single column on the proprietary fund financial statements.

C. **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

**Governmental-wide Financial Statements** - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider has been met. The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statement, rather than as another financing source. Amounts paid to reduce long-term debt of the County are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

**Governmental Fund Financial Statements** - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means that amounts can be reasonably determined within the current period. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Exceptions to this general rule include accumulated unpaid compensated absences and principal and interest on general long-term debt which are recognized when due.



**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

The County reports the following major governmental funds:

- General Fund – The General Fund accounts for all activities not accounted for by other funds of the County. The principal source of revenue for this fund is property taxes.
- Library Capital Projects Fund – The Library Capital Projects Fund is used to account for revenues and expenditures used for the construction of a new library.
- “B” Road Fund – The “B” Road Fund is used to account for the revenues and expenditures used for repair, maintains and improvement of roads which are classified as B roads within the County boundaries.
- Airport Capital Projects Fund – This Capital Project Fund is used to account for the revenue and expenditures used for the capital improvements to the Grand County Airport.

The County’s non-major governmental funds include other special revenue funds, capital project funds and debt service funds. The non-major special revenue funds account for specific revenue sources that are legally restricted to expenditures, for specified purposes. The capital project funds accounts for resources obtained and used for the acquisition, construction or improvement of certain capital facilities. Such resources are derived principally from proceeds of debt instruments and operating transfers from the County’s General Fund.

Proprietary Fund Financial Statements – Proprietary funds include enterprise funds and internal service funds. Internal Service funds are used to account for the goods and services provided by one fund to other funds of the County, rather than to the general public. The financial statements of the proprietary funds are reported similar to the government-wide financial statements in that they both use the economic resources measurement focus and the accrual basis of accounting.

Proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses result from providing goods and services relating to the primary operations of the proprietary fund. Other revenues and expenses are reported as nonoperating.

The County reports the following major proprietary fund:

- Municipal Building Authority – The Municipal Building Authority Fund accounts for the resource for the financing, owning, leasing and operating of facilities to meet the needs of the County government.

The County’s non-major proprietary funds include the Sandflat Fund. The Sandflat Fund accounts for resources collected and used in the operation of the slick rock bike trails.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. **Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

**Internal Service Fund** – The Internal Service Fund accounts for the resources used to pay health insurance premium for the County. The Internal Service Fund is reported on the proprietary fund statements. In the government-wide financial statement, the internal service fund is included with governmental activities since most of the services provided by the internal service fund are for governmental purposes.

**Fiduciary Fund Financial Statements** – Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for other organizations or individuals. These statements are reported using the economic resources measurement focus and the accrual basis of accounting. The County only has one type of fiduciary fund

- **Agency Funds** – Agency Funds are used to account for assets held by the County as an agent for other governments, private organizations, or individuals. Agency Funds include Treasurer's Tax Collection and Miscellaneous funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**Private-Sector Standards of Accounting and Financial Reporting** – The County generally applies to both the government-wide and proprietary fund statements all Financial Accounting Standards Board (FASB) Statements and Interpretations, APB Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). The County has elected not to follow private-sector guidance subsequent to that date.

**Interfund Transactions** – Interfund transactions represent transactions between different funds within the County. In general, interfund activity, including internal service fund transactions have been eliminated from the government-wide financial statements in an effort to minimize the doubling-up of revenues and expenditures resulting from such transactions. Interfund services provided and used between different functional categories, however, have not been eliminated from the government-wide financial statement so as not to distort the direct costs and program revenues reported in the various functions concerned.

Transfers between governmental and business-type activities are reported at the net amount in the government-wide Statement of Activities. Interfund receivables and payables have been eliminated from the government-wide Statement of Net Assets except for those amounts due between governmental and business-type activities. Such amounts are reported at the net amount as "internal balances" and offset each other to result in a zero balance in the total column.

**Program Revenues/Operating Revenues and Expenses From Non-Operating Items** – Amounts reported as program revenues include 1) charges for fees, rental, material, supplies, or services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. **Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

D. **Budgetary Data**

Budgets are presented on the modified accrual basis of accounting for all governmental funds and on the accrual basis for proprietary funds. Budgets are not adopted for the agency fund. All annual appropriations lapse at fiscal year end. The following procedures are used in establishing the budgetary data reflected in the financial statements.

1. A formal budget is adopted for all funds, which require a budget: all general, special revenue, debt service, capital projects, and enterprise funds. The budget is a complete financial plan, which identifies all estimated revenues and all appropriations for expenditure for the year. The budget must balance, that is estimated revenues and other financing sources must equal appropriated expenditures.
2. By November 1, the County Auditor submits to the County Council a proposed operating budget for the fiscal year for all funds beginning January 1.
3. The County Council discusses and approves the budget and sets a date for a public hearing on the proposed budget.
4. A public hearing is held to obtain taxpayer comments and the budget is adopted.
5. The County Council can transfer budgeted amounts between line items or departments by resolution, but any action that increases the total general fund budget must be approved by resolution only after a public hearing. (The budgets of other funds may be increased after giving public notice.)

E. **Cash and Cash Equivalents and Investments**

Cash and investment management in the County is administered by the County Treasurer in accordance with the Utah Money Management Act, Section 51-7 of the Utah code. The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including investments in the Public Treasurers' Investment Fund (PTIF).

Statements of cash flow are presented for proprietary funds under the direct method.

F. **Inventories**

Allen Memorial Hospital, a component unit of Canyonlands Health Care Special Service District, values its inventories at the lower of cost or market, determined on a first-in, first-out basis. Inventories are accounted for under the consumption method where inventories are recorded as expenditures when consumed rather than when purchased.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

G. **Compensated Absences**

It is the County's policy to permit employees to accumulate earned but unused vacation, comp-time and sick pay benefits. An estimate of sick leave liability, comp-time and vacation pay is accrued when incurred in government-wide financial statements and proprietary funds and reported as a liability.

Accrued unpaid vacation pay and other employee benefit amounts, which vest to the employee in the government-wide financial statements for governmental activities total \$354,145 and for Business-type activities total \$6,364.

H. **Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

I. **Capital Assets**

Capital assets include land, right of ways, buildings, improvements other than buildings, machinery and equipment, infrastructure (roads and bridges) and work-in-progress. These assets are reported in the government-wide financial statements in the relevant column on the Statement of Net Assets under governmental or business activities. Proprietary fund capital assets are also reported in the appropriate fund statements. Capital assets acquired by governmental funds are recorded as expenditures in the governmental fund financial statements. The capitalization threshold for personal property is defined to be assets with a useful life of at least one year and costing at least \$5,000. Assets purchased or constructed are generally recorded at cost. If precise cost is not available (as was the case with certain infrastructure), the asset is recorded at estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation.

When constructing capital assets, interest expense incurred relating to governmental or proprietary activities is not capitalized.

Depreciation of all exhaustible capital assets is charged as an expense against operations for proprietary funds and is charged to the various functional expenses or business-type activities in the government-wide Statement of Activities. Accumulated depreciation is reported on proprietary fund and government-wide Statement of Net Assets. Depreciation is provided over the estimated useful lives using the straight-line method. Estimated useful lives are as follows:

Buildings	20-40 years
Improvements	15-20 years
Equipment	5-10 years
Infrastructure	40-50 years

# **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

## **J. Net Assets/Fund Balances**

The difference between assets and liabilities is "Net Assets" on the government-wide and proprietary fund financial statements and "Fund Balance" on the governmental fund financial statements. Net assets are divided into these categories, investment in capital assets (net of related debt), restricted, and unrestricted. Net assets are reported as restricted when constraints are placed upon them by external parties or are imposed by constitutional provisions or enabling legislation.

In the governmental fund financial statements, fund balances are classified as reserved, unreserved designated, or unreserved undesignated. Reserves represent those portions of fund balance not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

# **2. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2006 was as follows:

<b>Primary Government Governmental activities:</b>	<b>BEGINNING BALANCE</b>	<b>INCREASES</b>	<b>DECREASES</b>	<b>ENDING BALANCE</b>
Capital assets not being depreciated:				
Land	\$ 2,339,229			\$ 2,339,229
Rights of Way	4,863,194	\$ 31,500		4,894,694
Work in progress	1,100,650	2,152,578	\$ 1,094,890	2,158,338
Total capital assets not being depreciated	\$ 8,303,073	\$ 2,184,078	\$ 1,094,890	\$ 9,392,261
Capital assets being depreciated:				
Buildings	\$ 7,560,744	\$ 2,601,751		\$ 10,162,495
Improvements other than buildings	6,446,876	7,155		6,454,031
Machinery and equipment	6,072,025	308,964	\$ 24,462	6,356,527
Infrastructure	103,016,468			103,016,468
Total capital assets being depreciated	\$ 123,096,113	\$ 2,917,870	\$ 24,462	\$ 125,989,521
Less accumulated depreciation for:				
Buildings	\$ 2,333,745	\$ 232,177		\$ 2,565,922
Improvements other than buildings	1,553,400	321,908		1,875,308
Machinery and equipment	4,662,683	471,556	\$ 17,143	5,117,096
Infrastructure	55,459,777	2,014,813		57,474,590
Total accumulated depreciation	\$ 64,009,605	\$ 3,040,454	\$ 17,143	\$ 67,032,916
Total capital assets, being depreciated, net	\$ 59,086,508	\$ (122,584)	\$ 7,319	\$ 58,956,605
Governmental activities capital assets, net	\$ 67,389,581	\$ 2,061,494	\$ 1,094,890	\$ 68,348,866

## 2. CAPITAL ASSETS (Continued)

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 813,515			\$ 813,515
Total capital assets not being depreciated	\$ 813,515	\$ ...	\$ ...	\$ 813,515
Capital assets being depreciated:				
Buildings	\$ 3,930,621	\$ 21,696	\$ 2,527	\$ 3,949,790
Improvements other than buildings	99,963	4,818		104,781
Machinery and equipment	77,534			77,534
Total capital assets being depreciated	\$ 4,108,118	\$ 26,514	\$ 2,527	\$ 4,132,105
Less accumulated depreciation for:				
Buildings	\$ 273,517	\$ 113,551	\$ 2,527	\$ 384,541
Improvements other than buildings	47,517	5,178		52,695
Machinery and equipment	40,760	11,345		52,105
Total accumulated depreciation	\$ 361,794	\$ 130,074	\$ 2,527	\$ 489,341
Total capital assets, being depreciated, net	\$ 3,746,324	\$ (103,560)	\$ ...	\$ 3,642,764
Business-type activities capital assets, net	\$ 4,559,839	\$ (103,560)	\$ ...	\$ 4,456,279

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental activities:**

General government	\$ 159,020
Public safety	250,579
Highways and public improvements	2,221,760
Public health	22,181
Parks and recreation	386,914

Total depreciation expense - governmental activities \$ 3,040,454

**Business-type activities:**

Sandflats	\$ 13,565
Municipal building authority	116,509

Total depreciation expense - Business-Type Activities \$ 130,074

Total depreciation expense \$ 3,170,528

### 3. SHORT-TERM DEBT

The County issued and repaid \$800,000 of tax revenue anticipation notes at a rate of 3.58% during the year ended December 31, 2006. The purpose of this short-term debt was to provide liquidity for governmental operations financed by property taxes, which are collected in November.

### 4. LONG-TERM DEBT

Annual debt service requirements to maturity for bonds are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 227,000	\$ 136,640	\$ 363,640	\$ 185,000	\$ 61,605	\$ 246,605
2008	233,000	130,330	363,330	189,000	57,435	246,435
2009	239,000	123,855	362,855	194,000	53,145	247,145
2010	246,000	117,210	363,210	197,000	48,720	245,720
2011	254,000	110,370	364,370	202,000	44,200	246,200
2012-2016	1,376,000	442,125	1,818,125	841,000	160,735	1,001,735
2017-2021	1,579,000	239,385	1,818,385	448,000	98,800	546,800
2022-2026	801,000	44,160	845,160	371,000	71,000	442,000
2027-2031				384,000	43,975	427,975
2032-2036				329,000	13,225	342,225
	<u>\$ 4,955,000</u>	<u>\$ 1,344,075</u>	<u>\$ 6,299,075</u>	<u>\$ 3,340,000</u>	<u>\$ 652,840</u>	<u>\$ 3,992,840</u>

**Revenue and General Obligation Bonds** – Revenue and General Obligation Bonds payable at December 31, 2006, with their outstanding balances, are comprised of the following individual issues:

#### Governmental Activities:

General Obligation Bond, Series 1992 in the amount of \$3,200,000, issued on April 14, 1992. Annual principal and interest payments are due each April 1, and range from \$166,220 to \$167,200. The County entered into this agreement for the purpose of financing the cost of constructing a new Court House building. The loan bears interest in the amount of 3.00 percent. \$ 2,095,000

General Obligation Bonds, Series 1992 in the amount of \$700,000, issued on April 14, 1992. Annual principal and interest payments are due each April 1, and range from \$20,252 to \$37,000. The County entered into this agreement for the purpose of financing the cost of constructing a new Court House building. The loan bears interest in the amount of 3.00 percent. \$ 458,000

4. **LONG TERM DEBT (Continued)**

General Obligation Bonds, Series 2004 in the amount of \$2,500,000, issued on August 3, 2004. Annual principal and interest payments are due each April 1, and range from \$159,975 to \$160,925. The County entered into this agreement for the purpose of financing the cost of constructing a new Library building. The loan bears interest in the amount of 2.50 percent. \$ 2,402,000

**Business-type Activities:**

Community Visitor Center, Series 1991 Revenue Bonds in the amount of \$819,000, issued on October 4, 1991. Annual principal and interest payments are due each December 1, and range from \$57,165 to \$58,135. The County entered into this agreement for the purpose of financing the cost of constructing a new Moab Information Center. The loan bears interest in the amount of 3.50 percent. \$ 308,000

Lease Revenue Bond Series 1998, due in annual installments from \$25,100 to \$26,100, beginning July 1, 2000 and maturing July 1, 2019. The bond has an annual interest rate of 2.50 percent. The purpose of the bond is to make improvements to the Visitors Information Center at the Grand County Airport. \$ 282,000

Taxable Lease Revenue Bond Series 2002, due in annual installments of \$7,000, beginning August 1, 2004 and maturing August 1, 2023. The bond is a zero percent interest bond. The purpose of the bond is to finance the acquisition of a fire truck and related public safety improvements for lease to the County and sublease to the Moab Valley Fire Protection District. \$ 129,000

Taxable Lease Revenue Bond Series 2004A, due in annual installments of \$30,000, beginning January 1, 2006 and maturing January 1, 2035. The bond is a zero percent interest bond. The purpose of the bond is to finance a portion of the acquisition and construction of a senior citizens center and related improvements. \$ 870,000

Lease Revenue Bond Series 2004B, annual principal and interest payments are due each January 1, and range from \$54,825 to \$56,175, beginning January 1, 2006 and maturing January 1, 2035. The bond is a 2.5 percent interest bond. The purpose of the bond is to finance a portion of the acquisition and construction of a senior citizens center and related improvements. \$ 1,136,000

Lease Revenue Bond Series 2004, Annual principal and interest payments are due each April 1, and range from \$69,700 to \$70,675, beginning April 1, 2005 and maturing April 1, 2016. The bond is a 2.5 percent interest bond. The purpose of the bond is to finance the acquisition, construction, furnishing, leasing, maintaining, or operating a public safety storage and training facility and the related real property as well as for the purpose of acquiring additional property for future use by the County. \$ 615,000



4. **LONG TERM DEBT (Continued)**

**Changes in long-term liabilities**

Long-term liability activity for the year ended December 31, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
<b>Bonds payable:</b>					
General obligation bonds	\$ 5,176,000		\$ 221,000	\$ 4,955,000	\$ 227,000
Capital Leases	146,437	\$ 188,492	83,479	251,450	91,532
Compensated Absences	352,407	1,738		354,145	
	<hr/>				
Governmental activity long-term liabilities	\$ 5,674,844	\$ 190,230	\$ 304,479	\$ 5,560,595	\$ 318,532
	<hr/>				
<b>Business-type activities:</b>					
<b>Bonds payable:</b>					
Revenue bonds	\$ 3,475,300		\$ 135,300	\$ 3,340,000	\$ 185,000
Capital Leases	11,901		10,155	1,746	1,746
Compensated Absences	6,834		469	6,365	
	<hr/>				
Business-type activity long-term liabilities	\$ 3,494,035	\$ ...	\$ 145,924	\$ 3,348,111	\$ 186,746
	<hr/>				

#### 4. LONG TERM DEBT (Continued)

##### Component Units

Long-term liability activity for the year ended December 31, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Business-type activities:</b>					
Revenue bonds payable	\$ 533,700		\$ 16,100	\$ 517,600	\$ 16,600
Notes payable	72,706		1,942	70,764	2,057
	<hr/>				
Business-type activity long-term liabilities	\$ 606,406	\$ ...	\$ 18,042	\$ 588,364	\$ 18,657
	<hr/>				
<b>Governmental activities:</b>					
G.O. bonds payable	\$ 1,033,272		\$ 114,511	\$ 918,761	\$ 118,500
Revenue bonds payable	215,000		215,000		28,000
Notes payable	760,599	\$ 306,622	209,018	858,203	412,908
Capital leases	506,350		192,102	314,248	135,315
	<hr/>				
Governmental activity long-term liabilities	\$ 2,515,221	\$ 306,622	\$ 730,631	\$ 2,091,212	\$ 694,723
	<hr/>				

##### Governmental Activity Debt

On April 14, 1992, the Grand County Council issued General Obligation Bonds Series 1992 in the principal amount of \$3,200,000 together with interest at the rate of 3% per annum. The bonds begin accruing interest on the unpaid balance of the principal on April 1, 1992 with an interest only payment due on April 1, 1993. The interest and principal become payable beginning on April 1, 1994 and mature on April 1, 2022. The purpose for issuing the bonds was to construct a new Court House building. The repayment schedule is as follows:

4. **LONG TERM DEBT (Continued)**

**Governmental Activity Debt (Continued)**

<u>Principal Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 1, 2007	\$ 104,000	\$ 62,850	\$ 166,850
April 1, 2008	107,000	59,730	166,730
April 1, 2009	110,000	56,520	166,520
April 1, 2010	113,000	53,220	166,220
April 1, 2011	117,000	49,830	166,830
April 1, 2012	120,000	46,320	166,320
April 1, 2013	124,000	42,720	166,720
April 1, 2014	128,000	39,000	167,000
April 1, 2015	132,000	35,160	167,160
April 1, 2016	136,000	31,200	167,200
April 1, 2017	140,000	27,120	167,120
April 1, 2018	144,000	22,920	166,920
April 1, 2019	148,000	18,600	166,600
April 1, 2020	153,000	14,160	167,160
April 1, 2021	157,000	9,570	166,570
April 1, 2022	162,000	4,860	166,860
Total	<u>\$ 2,095,000</u>	<u>\$ 573,780</u>	<u>\$ 2,668,780</u>

On April 14, 1992, the Grand County Council issued General Obligation Bonds, Series 1992 in the principal amount of \$700,000 together with interest at 3.00% per annum. The bonds begin accruing interest on the unpaid balance of principal on April 14, 1992 with an interest only payment due on April 14, 1992. The interest and principal become payable on April 14, 1994 and mature on April 14, 2022. The purpose for issuing the bonds is to help construct a new Court House building. The repayment schedule is as follows:

4. **LONG TERM DEBT (Continued)**

**Governmental Activity Debt (Continued)**

<u>Principal Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 1, 2007	\$ 23,000	\$ 13,740	\$ 36,740
April 1, 2008	23,000	13,050	36,050
April 1, 2009	24,000	12,360	36,360
April 1, 2010	25,000	11,640	36,640
April 1, 2011	26,000	10,890	36,890
April 1, 2012	26,000	10,110	36,110
April 1, 2013	27,000	9,330	36,330
April 1, 2014	28,000	8,520	36,520
April 1, 2015	29,000	7,680	36,680
April 1, 2016	30,000	6,810	36,810
April 1, 2017	31,000	5,910	36,910
April 1, 2018	32,000	4,980	36,980
April 1, 2019	32,000	4,020	36,020
April 1, 2020	33,000	3,060	36,060
April 1, 2021	34,000	2,070	36,070
April 1, 2022	35,000	1,050	36,050
Total	<u>\$ 458,000</u>	<u>\$ 125,220</u>	<u>\$ 583,220</u>

In 2004, the Grand County Council issued General Obligation Bonds, Series 2004 in the principal amount of \$2,500,000 together with interest at 2.50% per annum. The bonds begin accruing interest on the unpaid balance of principal on April 1, 2005. Annual principal and interest payments begin April 1, 2006 and continue through April 1, 2025. The purpose for issuing the bonds is to finance the cost of constructing a new Library building. The repayment schedule is as follows:

4. **LONG TERM DEBT (Continued)**

**Governmental Activity Debt (Continued)**

<u>Principal Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 1, 2007	\$ 100,000	\$ 60,050	\$ 160,050
April 1, 2008	103,000	57,550	160,550
April 1, 2009	105,000	54,975	159,975
April 1, 2010	108,000	52,350	160,350
April 1, 2011	111,000	49,650	160,650
April 1, 2012	114,000	46,875	160,875
April 1, 2013	116,000	44,025	160,025
April 1, 2014	119,000	41,125	160,125
April 1, 2015	122,000	38,150	160,150
April 1, 2016	125,000	35,100	160,100
April 1, 2017	128,000	31,975	159,975
April 1, 2018	132,000	28,775	160,775
April 1, 2019	135,000	25,475	160,475
April 1, 2020	138,000	22,100	160,100
April 1, 2021	142,000	18,650	160,650
April 1, 2022	145,000	15,100	160,100
April 1, 2023	149,000	11,475	160,475
April 1, 2024	153,000	7,750	160,750
April 1, 2025	157,000	3,925	160,925
Total	<u>\$2,402,000</u>	<u>\$ 645,075</u>	<u>\$3,047,075</u>

**Proprietary Debt**

On October 4, 1991, the Grand County Council issued Utah Visitor Information Series 1991 revenue bonds, in the amount of \$819,000 together with interest at a rate of 3.5% per annum. The bonds begin accruing interest on the unpaid principal balance on October 4, 1991 with an interest only payment due December 1, 1991. The interest and principal become payable beginning on December 1, 1992 and mature on December 1, 2011. The purpose for issuing the bonds is to construct a new Moab Information Center. The repayment schedule is as follows:

4. **LONG TERM DEBT (Continued)**

**Proprietary Debt (Continued)**

<u>Principal Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
January 1, 2007	\$ 47,000	\$ 10,780	\$ 57,780
January 1, 2008	49,000	9,135	58,135
January 1, 2009	50,000	7,420	57,420
January 1, 2010	52,000	5,670	57,670
January 1, 2011	54,000	3,850	57,850
January 1, 2012	56,000	1,960	57,960
	<u>\$ 308,000</u>	<u>\$ 38,815</u>	<u>\$ 346,815</u>

On October 9, 1998, the Grand County Council issued Grand County Visitor Center Authority Lease Revenue Bonds, Series 1998 in the principal amount of \$400,000 together with interest at 2.5% per annum. The bonds begin accruing interest on the unpaid principal balance on July 1, 1999 with an interest and principal payment due on July 1, 2000. The bonds mature at July 1, 2019. Grand County Visitor Center Authority Lease Revenue Bonds, Series 1998 were issued for the purpose of making improvements to the Visitor Information Center at the Grand County Airport. The repayment schedule is as follows:

<u>Principal Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
July 1, 2007	\$ 19,000	\$ 7,050	\$ 26,050
July 1, 2008	19,000	6,575	25,575
July 1, 2009	20,000	6,100	26,100
July 1, 2010	20,000	5,600	25,600
July 1, 2011	20,000	5,100	25,100
July 1, 2012	21,000	4,600	25,600
July 1, 2013	22,000	4,075	26,075
July 1, 2014	22,000	3,525	25,525
July 1, 2015	23,000	2,975	25,975
July 1, 2016	23,000	2,400	25,400
July 1, 2017	24,000	1,825	25,825
July 1, 2018	24,000	1,225	25,225
July 1, 2019	25,000	625	25,625
	<u>\$ 282,000</u>	<u>\$ 51,675</u>	<u>\$ 333,675</u>

4. **LONG TERM DEBT (Continued)**

**Proprietary Debt (Continued)**

On January 8, 2002, the Municipal Building Authority of Grand County issued Taxable Lease Revenue Bond, Series 2002 in the principal amount of \$150,000. The bond is a zero percent interest bond. The first installment of the principal balance of \$7,000 will become due August 1, 2004 with the bond maturing on August 1, 2023. The purpose of the bond is to finance the acquisition of a fire truck and related public safety improvements for lease to the County and sublease to the Moab Valley Fire Protection District. The repayment schedule is as follows:

<u>Principal Payment Date</u>	<u>Amount of Principal Payment</u>
August 1, 2007	\$ 7,000
August 1, 2008	7,000
August 1, 2009	7,000
August 1, 2010	7,000
August 1, 2011	7,000
August 1, 2012	7,000
August 1, 2013	7,000
August 1, 2014	8,000
August 1, 2015	8,000
August 1, 2016	8,000
August 1, 2017	8,000
August 1, 2018	8,000
August 1, 2019	8,000
August 1, 2020	8,000
August 1, 2021	8,000
August 1, 2022	8,000
August 1, 2023	8,000
Total	<u>\$ 129,000</u>

In 2004, the Municipal Building Authority of Grand County issued Taxable Lease Revenue Bond, Series 2004A in the principal amount of \$900,000. The bond is a zero percent interest bond. The first installment of the principal balance of \$30,000 will become due January 1, 2006 with the bond maturing on January 1, 2035. The purpose of the bond is to finance a portion of the acquisition and construction of a senior citizens center and related improvements. The repayment schedule is as follows:

4. **LONG TERM DEBT (Continued)**

**Proprietary Debt (Continued)**

<u>Principal Payment Date</u>	<u>Amount of Principal Payment</u>
January 1, 2007	\$ 30,000
January 1, 2008	30,000
January 1, 2009	30,000
January 1, 2010	30,000
January 1, 2011	30,000
January 1, 2012	30,000
January 1, 2013	30,000
January 1, 2014	30,000
January 1, 2015	30,000
January 1, 2016	30,000
January 1, 2017	30,000
January 1, 2018	30,000
January 1, 2019	30,000
January 1, 2020	30,000
January 1, 2021	30,000
January 1, 2022	30,000
January 1, 2023	30,000
January 1, 2024	30,000
January 1, 2025	30,000
January 1, 2026	30,000
January 1, 2027	30,000
January 1, 2028	30,000
January 1, 2029	30,000
January 1, 2030	30,000
January 1, 2031	30,000
January 1, 2032	30,000
January 1, 2033	30,000
January 1, 2034	30,000
January 1, 2035	30,000
	<u>\$ 870,000</u>



4. **LONG TERM DEBT (Continued)**

**Proprietary Debt (Continued)**

In 2004, the Municipal Building Authority of Grand County issued Lease Revenue Bond, Series 2004B in the principal amount of \$1,162,300 together with interest at 2.5% per annum. The bonds begin accruing interest on the unpaid principal balance on January 1, 2005 with an interest and principal payment due on January 1, 2006. The bonds mature at January 1, 2035. The purpose of the bond is to finance a portion of the acquisition and construction of a senior citizens center and related improvements. The repayment schedule is as follows:

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
January 1, 2007	\$ 27,000	\$ 28,400	\$ 55,400
January 1, 2008	28,000	27,725	55,725
January 1, 2009	29,000	27,025	56,025
January 1, 2010	29,000	26,300	55,300
January 1, 2011	30,000	25,575	55,575
January 1, 2012	30,000	24,825	54,825
January 1, 2013	31,000	24,075	55,075
January 1, 2014	32,000	23,300	55,300
January 1, 2015	33,000	22,500	55,500
January 1, 2016	34,000	21,675	55,675
January 1, 2017	35,000	20,825	55,825
January 1, 2018	36,000	19,950	55,950
January 1, 2019	37,000	19,050	56,050
January 1, 2020	38,000	18,125	56,125
January 1, 2021	39,000	17,175	56,175
January 1, 2022	39,000	16,200	55,200
January 1, 2023	40,000	15,225	55,225
January 1, 2024	41,000	14,225	55,225
January 1, 2025	42,000	13,200	55,200
January 1, 2026	43,000	12,150	55,150
January 1, 2027	44,000	11,075	55,075
January 1, 2028	46,000	9,975	55,975
January 1, 2029	47,000	8,825	55,825
January 1, 2030	48,000	7,650	55,650
January 1, 2031	49,000	6,450	55,450
January 1, 2032	50,000	5,225	55,225
January 1, 2033	52,000	3,975	55,975
January 1, 2034	53,000	2,675	55,675
January 1, 2035	54,000	1,350	55,350
Total	<u>\$1,136,000</u>	<u>\$474,725</u>	<u>\$1,610,725</u>

4. **LONG TERM DEBT (Continued)**

**Proprietary Debt (Continued)**

On April 20, 2004, the Municipal Building Authority of Grand County issued Lease Revenue Bond, Series 2004 in the principal amount of \$720,993 together with interest at 2.5% per annum. The bonds begin accruing interest on the unpaid principal balance on April 20, 2004 with an interest and principal payment due on April 1, 2005 and continuing every April 1<sup>st</sup> until April 1, 2016, the date the bonds mature. The purpose of the bond is to finance the acquisition, construction, furnishing, leasing, maintaining, or operating a public safety and training facility and the related real property as well as for the purpose of acquiring additional property for future use by the County. The repayment schedule is as follows:

Principal Payment Date	Principal	Interest	Total
April 1, 2007	\$ 55,000	\$ 15,375	\$ 70,375
April 1, 2008	56,000	14,000	70,000
April 1, 2009	58,000	12,600	70,600
April 1, 2010	59,000	11,150	70,150
April 1, 2011	61,000	9,675	70,675
April 1, 2012	62,000	8,150	70,150
April 1, 2013	64,000	6,600	70,600
April 1, 2014	65,000	5,000	70,000
April 1, 2015	67,000	3,375	70,375
April 1, 2016	68,000	1,700	69,700
	<u>\$ 615,000</u>	<u>\$ 87,625</u>	<u>\$ 702,625</u>

## 5. CAPITAL LEASES

### Primary Government

Grand County has entered into a lease agreement as a lessee for financing the acquisition of two Ford trucks for the Sandflat fund, an enterprise fund. The County has also entered into lease agreements for the purchase of vehicles for the police department, streets department and other County functions. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Equipment	\$ 517,945	\$ 37,719
Less: Accumulated Depreciation	<u>(178,492)</u>	<u>(26,434)</u>
Net assets	<u>\$ 339,453</u>	<u>\$ 11,285</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2006 were as follows:

<u>Years Ending December 31,</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2007	\$ 101,346	\$ 1,758
2008	101,345	
2009	<u>68,082</u>	
Total minimum lease payments	\$ 270,773	\$ 1,758
Less: amount representing interest	<u>(19,323)</u>	<u>(12)</u>
Present value of minimum lease payments	<u>\$ 251,450</u>	<u>\$ 1,746</u>

5. **CAPITAL LEASES (Continued)**

**Component Units**

Capital lease obligations, at varying rates of imputed interest from 1.2% to 17.92% collateralized by leased equipment, due from March 2004 through March 2008. The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2006 were as follows:

<u>Year Ending December 31,</u>	
2007	\$ 169,312
2008	80,228
2009	73,131
2010	<u>48,754</u>
Total minimum lease payments	\$ 371,425
Amount representing interest	<u>(57,177)</u>
Present value of minimum lease payments	\$ 314,248
Amount due within one year	<u>(135,315)</u>
Amount due after one year	<u><u>\$ 178,933</u></u>

6. **DEPOSITS AND INVESTMENTS**

Deposits and investing for the County and its blended component units are governed by the Utah Money Management Act (Utah Code, Title 51, Chapter 7) and rules of the State of Utah Money Management Council.

The County follows the requirements of the Utah Money Management Act (Utah Code, Section 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of County funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

**Deposits**

The County maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and investments. Income from the investment of pooled cash is allocated based on each fund's portion of the pool. In addition, cash is separately held by individual funds.

**6. DEPOSITS AND INVESTMENTS (Continued)**

*Custodial Credit Risk*

Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a formal deposit policy for custodial credit risk. At December 31, 2006, the County's bank balance of cash on deposit was \$38,292 of this amount \$38,292 was insured.

At December 31, 2006, the bank balance of cash on deposit for the discrete component units was \$309,097 of this amount \$269,322 was insured. The remaining deposits of \$39,775 were uninsured and uncollateralized.

**Investments**

The Money Management Act defines the types of securities authorized as appropriate investments for the County and its component units and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the County and its component units to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund.

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer. The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, and Utah Code Annotated, 1953, as amended. The Act established the Money Management Council, which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses – net of administration fees, of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

6. **DEPOSITS AND INVESTMENTS (Continued)**

As of December 31, 2006, the County had the following investments and maturities:

Investment Type	Carrying Amount and Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More than 10
Primary government:					
Debt securities					
Repurchase Agreements	\$ 289,640	\$ 289,640			
		\$ 289,640	\$ ...	\$ ...	\$ ...
Other Investments					
Investments in Utah Public					
Treasurer's Investment Pool	2,915,419				
Total Investments, primary government	\$ 3,205,059				
Component units:					
Other Investments					
Investments in Utah Public					
Treasurer's Investment Pool	\$ 3,138,094				
Total Investments, component units	\$ 3,138,094				

***Interest Rate Risk***

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County manages this risk in part by investing in the Utah Public Treasurers Investment Fund. The County also manages its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptance, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 2 years.

6. **DEPOSITS AND INVESTMENTS (Continued)**

*Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County and its component unit have not adopted a formal policy with regards to credit risk on investments but the County and its component units informally follows the policy for reducing its exposure to credit risk is to comply with the State's Money Management Act as previously discussed.

At December 31, 2006, the County had the following investments and quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
Primary government:					
<u>Debt Securities</u>					
Repurchase agreements	\$ 289,640				\$ 289,640
<u>Other Investments</u>					
Investments in Utah Public Treasurer's Investment Pool	2,915,419				2,915,419
Total, primary government	\$ 3,205,059	\$ ...	\$ ...	\$ ...	\$ 3,205,059
Component units:					
<u>Other Investments</u>					
Investments in Utah Public Treasurer's Investment Pool	\$ 3,138,094				\$ 3,138,094
Total, component units	\$ 3,138,094	\$ ...	\$ ...	\$ ...	\$ 3,138,094

*Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County informal policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. No more than 5% of all funds may be invested in securities of a corporation that has been in continuous operation for less than three years. No more than 5% of the outstanding voting securities of any one corporation may be held. In addition, Rule 2 limits investment concentrations in certain types of investments. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

6. **DEPOSITS AND INVESTMENTS (Continued)**

*Custodial Credit Risk*

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. As of December 31, 2006, the County had \$2,915,419 invested in the Public Treasurer's Investment Fund and was held by them.

The County's investments at December 31, 2006 were held by the County or in the County's name by the County's custodial banks except for repurchase agreements with qualified depositories totaling \$289,640 where the underlying securities were uninsured and held by the investment's counterparty, not in the name of the County.

7. **PENSION PLANS**

Grand County contributes to the Local Governmental Contributory Retirement System, the Local Governmental Noncontributory Retirement System, and the Public Safety Contributory and Public Safety Noncontributory Retirement Systems, for employers with Social Security coverage, all of which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems. Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, and Public Safety Retirement System for employers with Social Security coverage. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

Plan members in the Local Governmental Contributory Retirement System are required to contribute 6.0% of their annual covered salary (some of which maybe paid by the County) and Grand County is required to contribute 7.08% of their annual covered salary for the period January 2006 through June 2006. From July 2006 through December 2006, plan members are required to contribute 6.0% of their covered salary and Grand County is required to contribute 7.58%. In the Local Noncontributory Retirement System, Grand County is required to contribute 11.09% of its annual covered salary from January 2006 through June 2006 and 11.59% from July 2006 through December 2006. In the Public Safety Contributory Retirement System for employers with Social Security coverage contributory division members are required to contribute 12.29% of their covered salary and Grand County is required to contribute 7.95% of covered salaries during the period from January 2006 through June 2006 and 11.01% during the period July 2006 through December 2006.



**7. PENSION PLANS (Continued)**

In the Public Safety Noncontributory Retirement System, Grand County is required to contribute 19.34% of covered salaries for the period January 2006 through June 2006 and 22.38% of covered salaries for the period July 2006 through December 2006. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

Grand County contributions to the Local Governmental Contributory Retirement System for the years ending December 31, 2006, 2005 and 2004 were \$28,309, \$25,338 and \$24,457 respectively and for the Noncontributory Retirement System, the contributions for December 31, 2006, 2005 and 2004 were \$287,055, \$250,293 and \$230,783 respectively. For the Public Safety Contributory Retirement System for December 31, 2006, 2005 and 2004 contributions were \$379, \$7,313 and \$6,489 respectively and for the Public Safety Noncontributory Retirement System for December 2006, 2005 and 2002 contributions were \$133,597, \$105,563 and \$88,050 respectively. The contributions were equal to the required contributions for each year.

The County also sponsors a defined contribution retirement plan under Internal revenue Code 401(k), which is administered by the Utah State Retirement Systems (Systems). The Plan covers all county employees who participate in the Systems and Utah Public Safety Retirement Systems Contributory and Noncontributory retirement plans. Participants are fully vested in employer and employee contributions. The County's contributions for 2006 were \$78,464. Participants may make tax deferred contributions through a salary reduction agreement up to a maximum of \$15,000. The participants' contributions for the year ended December 31, 2006 totaled \$104,356.

**8. CONTINGENT LIABILITIES**

**Litigation**

Grand County has several pending lawsuits pending at December 31, 2006. The outcome and liability of the lawsuit are undeterminable. The County has taken the position to contest the suits.

**Closure and Post-Closure Cost Landfills**

Grand County entered into agreements with the Solid Waste Special Service District #1 and the City of Moab in which the County agreed to guarantee the performance of closure and post-closure care of the Klondike and Moab Landfills. Should the escrow moneys set aside by the District not cover all costs associated with the closure and post-closure of the landfills, Grand County would be liable for one half of the uncovered costs. As of December 31, 2006, Grand County's share of closure and post-closure costs was estimated to be \$160,000.

The estimated remaining landfill life in the Klondike Landfill and Moab Landfill is 60 years and 20 years, respectfully.

**9. PROPERTY TAX CALENDAR**

The County adopts, by June 22, the proposed tax rates as part of its budget for the current year, which began January 1. If the proposed rates exceed a certified tax rate, a special public hearing must be held before the final rate is adopted. The County Assessor assesses the final tax on property in the County on the prior January 1. The taxes are payable to the county treasurer by the end of November and are remitted to the County by the county treasurer as collected.

**10. BUDGET VARIANCE**

During the year ended December 31, 2006, the County had unfavorable variances when comparing their budget to actual expenditures as follows:

General Fund –  
    Planning & zoning  
    Building and grounds  
    Elections

**11. RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In 1992, the County joined together with other counties in the State to form the Utah Association of Counties (UAC), a public entity risk pool currently operating as a common risk management and insurance program for member counties. The County pays an annual premium to UAC for its general insurance coverage. The Agreement for Formation of the UAC provides that UAC will be self-sustaining through member premiums and will reinsure through commercial companies.

**12. DEFERRED COMPENSATION PLANS**

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The assets of the plan are administered by the Utah Retirement Systems (URS). All of the assets and income of the 457 Plan are held in pooled investment fund trusts by the URS for the exclusive benefit of the participants or their beneficiaries rather than as assets of the employer. The County follows Government Accounting Standards Board Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, which says if the plans are separately administered the County is not required to report the assets. Since the URS is the fiduciary of these assets, the County is not required to report the assets.

The plan is included in a publicly available financial report that includes financial statements and required supplementary information. A copy of the URS report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

**13. RECEIVABLES**

Allen Memorial Hospital, a component unit of Canyonlands Health Care Special Service District, has receivables from its patients, substantially all of who are residents from the area served by the Hospital. At December 31, 2006, gross receivables totaled \$5,687,314. An allowance for doubtful accounts is established by charges to operations for amounts required to maintain an adequate allowance, as determined by management, to cover anticipated losses. Individual accounts receivable are charged to the allowance when collection appears doubtful. The allowance was \$1,851,797 at December 31, 2006. At such time, the accounts are referred to collection agencies.

**14. RESTRICTED NET ASSETS/RESERVE FUND BALANCES**

The County has restricted net assets in the government-wide financial statement and fund balances in the governmental funds statements in the following amount and for the purposes listed below.

Class "B" Road Funds	\$511,785
(Restricted to use only on "B" expenditures)	
Grants	418,243
(Restricted by grant agreements for various activities)	
Capital Projects	949,220
(Restricted for the capital improvements relating to Stall Hall, Airport construction and to projects which qualify for TRT funds)	
Debt Service Funds	725,581
(Restricted for principal and interest payments and for reserve requirement for Library and Courthouse debt obligations)	
Enterprise - Debt Service	143,820
(Restricted for reserve requirements on taxable lease revenue bonds for various projects)	

In the governmental fund financial statements, fund balances have not been reserved for grants as they were restricted in government-wide financial statements.

**15. RESTRICTED CASH AND INVESTMENTS**

Restricted cash and investments are those whose use is limited by legal requirements. The restricted cash of \$31,959 represents funds held by the Grand County Ambulance Fund. Restricted investments of \$949,220 and \$143,820 represents amounts that are required by debt covenants to be segregated for final year debt payments, reserves and accrued interest on bonds.

# 16. RECONCILIATION OF INTERFUND TRANSFERS

The following table provides a reconciliation of all interfund transfers:

Transfer In:												
	Economic Development	R.S.V.P.	"B" Road	Domestic Violence	Star Hall Fund	Designated Funds	Thompson Fire District	Municipal Building Authority	Airport Capital Project	Travel Council	TRT Brick & Mortar	Total
Transfer Out:												
General	\$ 25,000	\$ 15,000	\$ 15,000	\$ 23,000			\$ 6,000	\$ 70,850				\$ 154,850
Restaurant and Car Tax	\$ 96,000				\$ 13,750	\$ 7,000	8,000	30,328	\$ 22,000	\$ 56,570		233,648
Travel Council											\$ 326,343	326,343
TRT Brick & Mortar	250,000							59,498	55,000			364,498
Sandflat	15,000											15,000
	\$ 361,000	\$ 25,000	\$ 15,000	\$ 23,000	\$ 13,750	\$ 7,000	\$ 14,000	\$ 160,676	\$ 77,000	\$ 56,570	\$ 326,343	\$ 1,094,339

Transfers are used to move general fund revenues to finance various programs that the government must account for in other funds, in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

**GRAND COUNTY**  
**COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2006**

	SPECIAL REVENUE FUNDS									
	ATLAS TAILINGS FUND	THOMPSON FIRE	DESIGNATED FUND	MISC. GRANTS	TRAVEL COUNCIL	ECONOMIC DEVELOP- MENT	STRIKE FUND	RESTAURANT AND CAR TAX	DOMESTIC VIOLENCE	IMPACT FEE
ASSETS										
Investments	\$ 55,570	\$ 10,019	\$ 201,924	\$ 165,803	\$ 293,732	\$ 19,625	\$ 9,134	\$ 133,517	\$ 2,344	\$ 5,947
Investments - restricted										591,964
Accounts receivable					1,639					
Taxes receivable					105,587					
Due from other governments		1,760	6,460	46,086	50,000				4,192	
Total assets	\$ 55,570	\$ 11,779	\$ 208,384	\$ 211,889	\$ 450,958	\$ 19,625	\$ 9,134	\$ 133,517	\$ 6,536	\$ 597,911
LIABILITIES AND FUND BALANCES										
Liabilities:										
Cash deficit								\$ 48,820		
Accounts payable	\$ 10,000		\$ 887	\$ 864	\$ 1,926				\$ 539	\$ 1,520
Accrued liabilities			279		2,251					
Total liabilities	\$ 10,000	\$ ...	\$ 1,166	\$ 864	\$ 4,177	\$ ...	\$ ...	\$ 48,820	\$ 539	\$ 1,520
Fund balances:										
Reserved										
Unreserved, reported in:										
Special revenue funds	\$ 45,570	\$ 11,779	\$ 207,218	\$ 211,025	\$ 446,781	\$ 19,625	\$ 9,134	\$ 84,697	\$ 5,997	\$ 596,391
Total fund balances	\$ 45,570	\$ 11,779	\$ 207,218	\$ 211,025	\$ 446,781	\$ 19,625	\$ 9,134	\$ 84,697	\$ 5,997	\$ 596,391
Total liabilities and fund balance	\$ 55,570	\$ 11,779	\$ 208,384	\$ 211,889	\$ 450,958	\$ 19,625	\$ 9,134	\$ 133,517	\$ 6,536	\$ 597,911

## ASSETS

Investments  
Investments - restricted  
Accounts receivable  
Taxes receivable  
Due from other governments

Total assets

## LIABILITIES AND FUND BALANCES

## Liabilities:

Cash deficit  
Accounts payable  
Accrued liabilities

Total liabilities

## Fund balances:

Reserved  
Unreserved, reported in:  
Special revenue funds

Total fund balances

Total liabilities and fund balance

GRAND COUNTY  
COMBINING BALANCE SHEET -  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2006

SPECIAL REVENUE FUNDS											
SPECIAL REVENUE FUNDS						CAPITAL PROJECTS			DEBT SERVICE		TOTAL NONMAJOR GOVERNMENTAL FUNDS
EMERGENCY MEDICAL SERVICES	RSVP	LIBRARY FUNDS	CHILDREN JUSTICE	911 EMERGENCY SERVICE	DRUG COURT	TRT CAPITAL PROJECT	STAR HALL PROJECT	LIBRARY DEBT SERVICE	COURTHOUSE DEBT SERVICE		
\$ 31,959		\$ 63,830		\$ 63,299	\$ 29,656	\$ 80,373	\$ 310,717	\$ 95,649	\$ 284,377	#REF!	
74,134							303,575			1,899,650	
										895,539	
										1,639	
		219,918			22,575			104,174	97,561	527,240	
	\$ 17,004		\$ 34,937							183,014	
\$ 106,093	\$ 17,004	\$ 283,748	\$ 34,937	\$ 63,299	\$ 52,231	\$ 80,373	\$ 614,292	\$ 199,823	\$ 381,938	#REF!	

ASSETS

Restricted cash  
Investments  
Investments - restricted  
Accounts receivable  
Taxes receivable  
Due from other governments  
Total assets

LIABILITIES AND FUND BALANCES

Liabilities:

Cash deficit  
Accounts payable  
Accrued liabilities  
Total liabilities

Fund balances:

Reserved  
Unreserved, reported in:  
Special revenue funds

Total fund balances

Total liabilities and fund balance

**GRAND COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

**SPECIAL REVENUE FUNDS**

	ATLAS TAILINGS FUND	THOMPSON FIRE	DESIGNATED FUND	MISC. GRANTS	TRAVEL COUNCIL	ECONOMIC DEVELOP- MENT	STRIKE FUND	RESTAURANT AND CAR TAX	DOMESTIC VIOLENCE	IMPACT FEE
<b>REVENUES:</b>										
Taxes					\$ 1,109,022			\$ 295,133		
Intergovernmental revenues		\$ 2,584	\$ 72,720	\$ 314,275	101,038	\$ 500			\$ 23,876	
Charges for services			133,105	15,753	10,321		\$ 1,488	5,291		\$ 100,231
Interest income										\$ 26,938
Miscellaneous			14,550							
Total revenues	\$	\$ 2,584	\$ 220,375	\$ 314,275	\$ 1,236,134	\$ 500	\$ 1,488	\$ 300,424	\$ 23,876	\$ 127,169
<b>EXPENDITURES:</b>										
General government			\$	\$ 4,787	\$ 7,017					
Public safety		\$ 10,787	\$ 59,448	\$ 214,457					\$ 45,872	\$ 3,454
Highways and public improvements										\$ 57,655
Public health	\$ 138,871		14,188	386,560						
Parks, recreation and public property			119,517			\$ 35,058		\$ 25,596		
Conservation and economic development										
Capital outlay										
Debt Service:										
Principal										
Interest										
Total expenditures	\$ 138,871	\$ 10,787	\$ 197,940	\$ 608,034	\$ 876,391	\$ 35,058	\$	\$ 25,596	\$ 45,872	\$ 61,109
Excess of revenues over (under) expenditures	\$ (138,871)	\$ (8,203)	\$ 22,435	\$ (293,759)	\$ 359,743	\$ (34,558)	\$ 1,488	\$ 274,828	\$ (21,996)	\$ 66,060
Other financing sources (uses):										
Transfers in		\$ 14,000	\$ 7,000		\$ 56,570	\$ 25,000		\$	\$ 23,000	
Transfers out					(366,966)			\$ (233,648)		
Capital lease financing										
Total other financing sources (uses)	\$	\$ 14,000	\$ 7,000	\$	\$ (310,396)	\$ 25,000	\$	\$ (233,648)	\$ 23,000	\$
Excess of revenues and other sources over (under) expenditures and other uses	\$ (138,871)	\$ 5,797	\$ 29,435	\$ (293,759)	\$ 49,347	\$ (9,558)	\$ 1,488	\$ 41,180	\$ 1,004	\$ 66,060
Fund Balances - Beginning of year	184,441	5,982	177,783	504,784	397,434	29,183	7,646	43,517	4,993	530,331
Fund Balances - End of year	\$ 45,570	\$ 11,779	\$ 207,218	\$ 211,025	\$ 446,781	\$ 19,625	\$ 9,134	\$ 84,697	\$ 5,997	\$ 596,391

GRAND COUNTY  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES -  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005

	SPECIAL REVENUE FUNDS					CAPITAL PROJECTS			DEBT SERVICE		TOTAL
	EMERGENCY MEDICAL SERVICES	RSVP	LIBRARY FUNDS	CHILDREN JUSTICE	911 EMERGENCY SERVICE	DRUG COURT	TRT CAPITAL PROJECT	STAR HALL PROJECT	LIBRARY DEBT SERVICE	COURTHOUSE DEBT SERVICE	NONMAJOR GOVERNMENTAL FUNDS
REVENUES:											
Taxes			\$ 419,150								
Intergovernmental revenues	\$ 8,762	\$ 23,480	46,815	\$ 80,658		\$ 177,606		\$ 300,000	\$ 197,471	\$ 203,016	\$ 2,223,792
Charges for services	376,973		10,708		\$ 62,278	8,815					1,152,314
Interest income			3,266		4,059		\$ 160	14,402			709,351
Miscellaneous	4,263	2,230	3,514	1,812				327,965			64,437
											354,334
Total revenues	\$ 389,998	\$ 25,710	\$ 483,453	\$ 82,470	\$ 66,337	\$ 186,421	\$ 160	\$ 642,367	\$ 197,471	\$ 203,016	\$ 4,504,228
EXPENDITURES:											
General government											\$ 11,804
Public safety				\$ 92,627	\$ 29,811	\$ 157,152					613,608
Highways and public improvements											57,655
Public health	\$ 446,575	\$ 56,051	\$ 436,751					\$ 41,825			655,685
Parks, recreation and public property											942,828
Conservation and economic development											937,045
Capital outlay											41,825
Debt service:											
Principal	23,440								\$ 98,000	\$ 123,000	244,440
Interest	698								62,500	80,280	143,478
Total expenditures	\$ 470,713	\$ 56,051	\$ 436,751	\$ 92,627	\$ 29,811	\$ 157,152	\$ 160	\$ 41,825	\$ 160,500	\$ 203,280	\$ 3,648,368
Excess of revenues over (under) expenditures	\$ (80,715)	\$ (30,341)	\$ 46,702	\$ (10,157)	\$ 36,526	\$ 29,269	\$ 160	\$ 600,542	\$ 36,971	\$ (264)	\$ 855,860
Other financing sources (uses):											
Transfers in		\$ 15,000					\$ 366,966	\$ 13,750			\$ 521,286
Transfers out							(364,498)				(965,112)
Capital lease financing	\$ 102,404					\$ 16,371					118,775
Total other financing sources (uses)	\$ 102,404	\$ 15,000	\$ ...	\$ ...	\$ ...	\$ 16,371	\$ 2,468	\$ 13,750	\$ ...	\$ ...	\$ (325,051)
Excess of revenues and other sources over (under) expenditures and other uses	\$ 21,689	\$ (15,341)	\$ 46,702	\$ (10,157)	\$ 36,526	\$ 45,640	\$ 2,628	\$ 614,292	\$ 36,971	\$ (264)	\$ 530,809
Fund Balances - Beginning of year	80,081	19,558	230,738	17,635	26,773	(725)	77,745		162,852	382,202	2,882,953
Fund Balances - End of year	\$ 101,770	\$ 4,217	\$ 277,440	\$ 7,478	\$ 63,299	\$ 44,915	\$ 80,373	\$ 614,292	\$ 199,823	\$ 381,938	\$ 3,413,762



**SCHEDULE 3**

**GRAND COUNTY  
COMBINING STATEMENT OF NET ASSETS -  
NONMAJOR PROPRIETARY FUNDS  
DECEMBER 31, 2006**

	<u>TOTAL NONMAJOR BTA'S SANDFLAT</u>
<b><u>ASSETS</u></b>	
Current assets:	
Investments	\$ 91,434
Receivables - net	
Accounts	<u>378</u>
Total current assets	<u>\$ 91,812</u>
Noncurrent assets:	
Improvements other than buildings	\$ 99,963
Furniture, fixtures and equipment	63,606
Less: Accumulated depreciation	<u>(100,972)</u>
Total noncurrent assets, net	<u>\$ 62,597</u>
Total assets	<u>\$ 154,409</u>
<b><u>LIABILITIES</u></b>	
Current liabilities:	
Accounts payable	\$ 12,900
Accrued wages and benefits	7,349
Current portion - lease payable	<u>1,746</u>
Total current liabilities	<u>\$ 21,995</u>
Total liabilities	<u>\$ 21,995</u>
Net Assets:	
Invested in capital assets, net of related debt	\$ 60,851
Unrestricted	<u>71,563</u>
Total net assets	<u>\$ 132,414</u>

**SCHEDULE 4**

**GRAND COUNTY  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND NET ASSETS -  
NONMAJOR PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	TOTAL NON-MAJOR BTA'S SANDFLAT
Operating revenues:	
Charges for sales and services	\$ 258,240
Total operating revenues	\$ 258,240
Operating expenses:	
Employee salaries and benefits	\$ 147,475
Accounting services	5,000
Office supplies	1,780
Other supplies and services	10,847
Contractual services	24,166
Utilities	3,897
Fuel and oil	2,875
Repairs and maintenance	9,889
Depreciation	13,565
Trust land fees	18,927
Dump fees	3,450
Total operating expenses	\$ 241,871
OPERATING INCOME (LOSS)	\$ 16,369
Nonoperating revenues (expenses):	
Interest revenue	\$ 2,646
Interest expense	(397)
Contributions from other governments	291
Total nonoperating revenues (expenses)	\$ 2,540
Income (loss) before transfers and capital contributions	\$ 18,909
Transfers in (out):	
Transfers out	\$ (10,000)
Total transfers in (out)	\$ (10,000)
Change in net assets	\$ 8,909
Total net assets - beginning of year	123,505
Total net assets - end of year	\$ 132,414

**GRAND COUNTY  
SCHEDULE OF CURRENT TAXES LEVIED, COLLECTED AND TREASURER'S RELIEF  
FOR THE 2006 PROPERTY TAX YEAR**

TAX UNITS	TOTAL REAL AND CENTRALLY ASSESSED VALUE	CURRENT YEAR REAL/CENTRAL PROPERTY TAX RATE	TOTAL PERSONAL PROPERTY VALUE	PRIOR YEAR PERSONAL PROPERTY TAX RATE	REAL AND CENTRALLY ASSESSED TAXES CHARGED	PERSONAL PROPERTY TAXES CHARGED	TOTAL TAXES CHARGED	TREASURER'S RELIEF				NET TAXES COLLECTED	PERCENT	OTHER COLLECTIONS		DELINQUENCIES	
								UNPAID TAXES	ABATEMENTS	OTHER	TOTAL			FEES IN LIBR	MISC. COLLECTED	TAX	INTEREST/ PENALTY
COUNTY FUNDS:																	
General	\$ 756,516,540	0.001744	\$ 25,921,130	0.001518	\$ 1,319,365	\$ 39,348	\$ 1,358,713	\$ 75,152	\$ 8,438	(6,879)	\$ 76,711	\$ 1,282,002	\$ 132,110	\$ 32,371	\$ 72,833	\$ 33,706	
Debt service	756,516,540	0.000234	25,921,130	0.000267	177,025	6,921	183,946	10,083	1,132	719	11,934	172,012	17,726	4,607	13,139	594	
State assessing and collecting	756,516,540	0.000139	25,921,130	0.000173	105,156	4,484	109,640	5,989	673	800	7,462	102,178	10,929	2,940	8,311	369	
County assessing and collecting	756,516,540	0.000300	25,921,130	0.000300	226,955	7,776	234,731	12,928	1,452	(176)	14,204	220,327	22,725	5,190	12,282	429	
Library	756,516,540	0.000472	25,921,130	0.000491	357,076	12,727	369,803	20,339	2,284	216	22,839	346,964	35,755	8,579	23,110	989	
Library debt	756,516,540	0.000226	25,921,130	0.000256	170,973	6,636	177,609	9,738	1,093	646	11,477	166,132	17,107	4,355	8,160	171	
Total County Funds					\$ 2,356,549	\$ 77,893	\$ 2,434,442	\$ 134,229	\$ 15,072	\$ (4,674)	\$ 144,627	\$ 2,289,815	\$ 235,952	\$ 57,942	\$ 137,835	\$ 36,238	
SCHOOL DISTRICTS:																	
Grand County School District	\$ 756,516,540	0.003639	\$ 25,921,130	0.003876	\$ 2,752,964	\$ 109,470	\$ 2,862,434	\$ 156,809	\$ 17,607	\$ 4,015	\$ 178,431	\$ 2,675,003	\$ 275,659	\$ 67,458	\$ 188,855	\$ 8,566	
Grand County School Bus	756,516,540	0.001515	25,921,130	0.001720	1,146,123	44,584	1,190,707	65,283	7,330	4,427	77,040	1,113,667	114,763	29,619	82,163	3,597	
Total School Districts					\$ 3,899,086	\$ 145,055	\$ 4,044,141	\$ 222,092	\$ 24,937	\$ 8,442	\$ 255,471	\$ 3,788,670	\$ 390,422	\$ 97,077	\$ 271,018	\$ 12,163	
CITIES AND TOWNS:																	
Castle Valley Town	\$ 41,653,995	0.001615	\$ 111,995	0.001896	\$ 67,271	\$ 212	\$ 67,484	\$ 5,113	\$ 364	\$ 139	\$ 5,616	\$ 61,868	\$ 3,350	\$ 1,394	\$ 3,525	\$ 86	
Total Cities and Towns					\$ 67,271	\$ 212	\$ 67,484	\$ 5,113	\$ 364	\$ 139	\$ 5,616	\$ 61,868	\$ 3,350	\$ 1,394	\$ 3,525	\$ 86	
OTHER DISTRICTS:																	
Grand County Cemetery	\$ 756,516,540	0.000202	\$ 25,921,130	0.000210	\$ 152,816	\$ 5,443	\$ 158,260	\$ 8,705	\$ 977	\$ 89	\$ 9,771	\$ 148,489	\$ 15,302	\$ 3,668	\$ 10,094	\$ 448	
Grand County Water Conservancy	756,516,540	0.000101	25,921,130	0.000109	76,408	2,825	79,234	4,352	489	149	4,990	74,244	7,651	1,896	5,451	256	
Grand County Special Service Water	752,107,335	0.000189	25,766,955	0.000200	142,148	5,153	147,302	8,082	914	176	9,172	138,130	14,214	3,492	10,135	481	
Mosh Mosquito Abatement	500,079,625	0.000276	23,012,000	0.000256	138,022	5,891	143,913	8,747	1,268	(743)	9,272	134,641	19,422	3,265	8,376	302	
Mosh Valley Fire	500,079,625	0.000522	23,012,000	0.000541	261,042	12,449	273,491	16,544	2,397	(97)	18,844	254,647	36,772	6,727	17,703	638	
Spanish Valley Water & Sewer	223,659,400	0.000118	6,745,885	0.000185	26,392	1,248	27,640	1,689	175	570	2,434	25,206	4,067	869	4,737	146	
Elgin Mosquito	1,749,710	0.000000	148,885	0.000000											6	1	
Castle Valley Fire	54,819,490	0.000628	787,885	0.000698	34,427	550	34,977	2,151	141	36	2,328	32,649	2,306	768	(265)	31	
Mosh Valley Fire - debt service	500,079,625	0.000000	23,012,000	0.000000											17	3	
Total Other Districts					\$ 831,255	\$ 33,561	\$ 864,816	\$ 50,270	\$ 6,361	\$ 180	\$ 56,811	\$ 808,005	\$ 99,754	\$ 20,685	\$ 56,254	\$ 2,306	
GRAND TOTAL					\$ 7,154,161	\$ 256,721	\$ 7,410,882	\$ 411,704	\$ 46,734	\$ 4,087	\$ 462,525	\$ 6,948,357	\$ 729,478	\$ 177,098	\$ 468,632	\$ 50,813	

**GRAND COUNTY**  
**SCHEDULE OF IMPACT FEES**  
**REVENUE AND ACTUAL EXPENDITURES**  
**FOR THE PERIOD ENDING DECEMBER 31, 2006**

IMPACT FEE FUND	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	TOTAL IN FUND
<b>Law Enforcement:</b>											
Fees collected	\$ 1,853.68	\$ 4,915.98	\$ 5,089.15	\$ 6,547.37	\$ 7,050.13	\$ 4,970.53	\$ 7,270.26	\$ 6,537.29	\$ 10,837.36	\$ 5,119.89	\$ 60,191.64
Interest income		130.94	392.40	524.69	486.85	559.71	585.18	227.03	484.43	1,154.03	4,545.26
Project expenditures							(30,000.00)	(5,175.94)			(35,175.94)
Impact Fee Balance	\$ 1,853.68	\$ 5,046.92	\$ 5,481.55	\$ 7,072.06	\$ 7,536.98	\$ 5,530.24	\$ (22,144.56)	\$ 1,588.38	\$ 11,321.79	\$ 6,273.92	\$ 29,560.96
<b>Parks and Recreation:</b>											
Fees collected	\$ 2,602.05	\$ 7,569.60	\$ 10,644.75	\$ 13,956.45	\$ 13,719.90	\$ 8,042.70	\$ 15,375.75	\$ 14,551.40	\$ 24,308.70	\$ 8,677.50	\$ 119,448.80
Interest income		175.41	621.39	836.88	832.62	1,059.65	1,020.23	679.98	1,594.46	1,717.82	8,538.44
Project expenditures							(29,510.08)	(20,000.00)	(46,000.00)		(95,510.08)
Impact Fee Balance	\$ 2,602.05	\$ 7,745.01	\$ 11,266.14	\$ 14,793.33	\$ 14,552.52	\$ 9,102.35	\$ (13,114.10)	\$ (4,768.62)	\$ (20,096.84)	\$ 10,395.32	\$ 32,477.16
<b>Drainage:</b>											
Fees collected	\$ 10,008.62	\$ 24,400.04	\$ 17,929.20	\$ 22,352.32	\$ 27,640.03	\$ 23,937.35	\$ 25,152.35	\$ 21,273.56	\$ 36,382.83	\$ 24,579.21	\$ 233,655.51
Interest income		731.28	2,061.83	207.77	299.48	299.48	145.99	365.47	1,023.15	1,482.09	6,317.06
Project expenditures		(213.50)	(13,404.92)	(44,945.58)	(5,584.29)	(53,193.65)	(21,705.29)	(16,955.78)	(8,241.92)		(164,244.93)
Impact Fee Balance	\$ 10,008.62	\$ 24,917.82	\$ 6,586.11	\$ (22,385.49)	\$ 22,055.74	\$ (28,956.82)	\$ 3,593.05	\$ 4,683.25	\$ 29,164.06	\$ 26,061.30	\$ 75,727.64
<b>Road:</b>											
Fees collected	\$ 17,195.65	\$ 53,343.57	\$ 59,086.22	\$ 82,703.58	\$ 79,367.61	\$ 48,869.76	\$ 84,200.60	\$ 84,844.43	\$ 152,461.06	\$ 57,546.06	\$ 719,618.54
Interest income		1,308.47	4,236.25	3,779.28	4,834.91	3,869.93	4,192.95	3,785.13	10,475.18	21,052.33	57,534.43
Project expenditures				(6,366.67)	(129,524.87)	(1,612.60)	(356.00)	(101,091.30)	(53,722.24)		(292,673.68)
Impact Fee Balance	\$ 17,195.65	\$ 54,652.04	\$ 63,322.47	\$ 80,116.19	\$ (45,322.35)	\$ 51,127.09	\$ 88,037.55	\$ (12,461.74)	\$ 109,214.00	\$ 78,598.39	\$ 484,479.29
<b>Fire:</b>											
Fees collected		\$ 1,548.97	\$ 1,851.94	\$ 2,431.52	\$ 2,618.28	\$ 1,846.02	\$ 2,699.97	\$ 4,036.79	\$ 10,782.60	\$ 4,307.66	\$ 32,123.75
Interest income		19.76	95.38	128.91	133.42	182.30	196.95	252.90	686.67	1,532.00	3,228.29
Impact Fee Balance	\$ ...	\$ 1,568.73	\$ 1,947.32	\$ 2,560.43	\$ 2,751.70	\$ 2,028.32	\$ 2,896.92	\$ 4,289.69	\$ 11,469.27	\$ 5,839.66	\$ 35,352.04

**SCHEDULE 6  
(Continued)**

**GRAND COUNTY  
SCHEDULE OF IMPACT FEES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**Impact Fees – Projects Collected From**

The County collected impact fees from the following projects within Grand County boundaries:

Low Income Housing Projects  
Rim Village Subdivision  
Moab Springs Subdivision  
Dan Pyatt Subdivision

**Impact Fees Capital Projects Budgeted and Projected Expenditure Date**

<u>Budget Capital Projects</u>	<u>Projected Date of Expenditures</u>
Law Enforcement - Construction or remodel of additional 3,712 sq. ft. of office area estimated cost \$187.50 per sq. ft.	1 to 5 years
Fire Protection - Construction of a new Fire Station to be located in Spanish Valley on Beeman Road	2007 and 2008
Park Facilities - Construction of an additional 18.2 acres of parks located throughout the County.	1 to 5 years
Drainage - Drainage improvements outlined in the Spanish Valley Master Storm Water Management Plan	1 to 5 years
Roads - Road improvements outlined in Spanish Valley Transportation Study	1 to 5 years

**SMUIN, RICH & MARSING**

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**MEMBERS**  
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Grand County Council  
Grand County  
Moab, Utah 84532

RE: Report on Legal Compliance with Applicable  
Utah State Laws and Regulations

Ladies/Gentlemen:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Grand County for the year ended December 31, 2006, and have issued our report thereon dated May 3, 2007. As part of our audit, we have audited the County's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's Legal Compliance Audit Guide for the year ended December 31, 2006. The County received the following major State assistance programs from the State of Utah:

- B Road Funds (Department of Transportation)
- Liquor Law Enforcement (State Tax Commission)
- Community Impact Grants (Dept. of Community and Economic Development)
- Community Impact Loans (Dept. of Community and Economic Development)
- Tourism Grant (Department of Transportation)

The County also received the following nonmajor grants, which are not required to be audited for specific compliance requirements, (However, these programs were subject to testwork as part of the audit of Grand County's financial statements).

- Public Library Development Grants (Department of Community and Economic Development)
- EMS – BEMS Grants (Department of Human Services)
- EMS – Auto Pulse (Department of Human Services)
- PILT Grant (State Tax Commission)
- Thompson Fire Department Assistance Grant (Department of Natural Resources)
- RSVP – Transportation Grant (Department of Human Services)
- GPS/CADASTRAL Mapping Grant (Department of Administrative Services)
- Colorado River Bike Trail (Department of Transportation)
- Airport Grant (Department of Transportation)
- Utah Division of Forestry, Fire & State Lands (Department of Agriculture and Food)
- Community Impact Grants/Loans (Dept. of Community and Economic Development)

Our audit also included testwork on the County's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt  
Cash Management  
Purchasing Requirements  
Budgetary Compliance  
Truth in Taxation  
Property Tax Limitations  
Other Compliance Requirements

Statement of Taxes Charged,  
Collected and Disbursed,  
Justice Courts  
B & C Road Funds  
Uniform Building Code  
Assessing and Collecting of  
Property Taxes

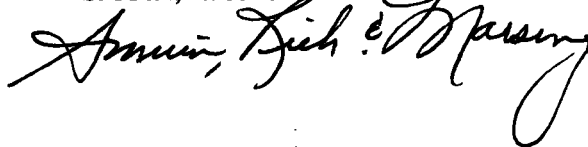
The management of Grand County is responsible for the County's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and those standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying management letter. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Grand County, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended December 31, 2006.

SMUIN, RICH & MARSING



Price, Utah

May 3, 2007

**GRAND COUNTY**  
**SCHEDULE OF TRANSIENT ROOM TAX EXPENDITURE BREAKDOWN**  
**AUDIT DECEMBER 31, 2006**

**SUMMARY OF EXPENDITURES**

**ESTABLISHING AND PROMOTING:**

Tourism	\$ 862,488
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**ACQUIRING, LEASING, CONSTRUCTION, FURNISHING OR OPERATING:**

Visitor Information Centers	15,500
Museums	25,000
Related Facilities	16,845

MITIGATION COSTS	225,000
PAYMENT OF PRINCIPAL, INTEREST, PREMIUMS, AND RESERVES ON BONDS	<u>59,498</u>

	<u><u>\$ 1,204,331</u></u>
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# **SMUIN, RICH & MARSING**

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MEMBERS

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Grand County Council  
Grand County  
Moab, Utah 84532

RE: Report on Compliance and on Internal Control  
Over Financial Reporting Based on an Audit of  
Financial Statements Performed in Accordance  
With Government Auditing Standards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Grand County as of and for the year ended December 31, 2006, which collectively comprise Grand County's basic financial statements and have issued our report thereon dated May 3, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

## **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs listed as findings 2006-1 and 2006-2 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above are material weaknesses.

#### **Compliance and Other Matters**

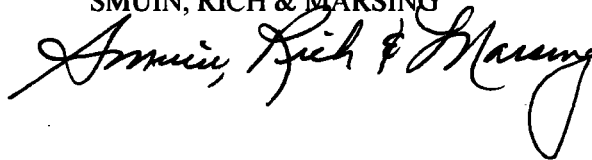
As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of the County in a separate letter dated June 25, 2007.

Grand County's response to the findings identified in or audit are described in the accompanying schedule of findings and questions cost. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

SMUIN, RICH & MARSING



Price, Utah

May 3, 2007

# SMUIN, RICH & MARSING

CERTIFIED PUBLIC ACCOUNTANTS

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Price, Utah 84501

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## MEMBERS

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Grand County Council  
Grand County  
Moab, Utah 84532

RE: Report on Compliance With Requirements  
Applicable to Each Major Program and  
Internal Control Over Compliance in  
Accordance With OMB Circular A-133

### Compliance

We have audited the compliance of Grand County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2006.

The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

### Internal Control Over Compliance

The management of Grand County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

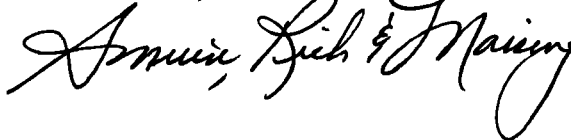
A control deficiency in the County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, others within the organization, County Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

SMUIN, RICH & MARSING



Price, Utah

May 3, 2007

**GRAND COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unqualified opinion on the basic financial statements of Grand County.
2. There were two significant deficiencies or material weaknesses disclosed in internal control by the audit over the financial statements.
3. No instances of noncompliance material to the financial statements of Grand County were disclosed by the audit.
4. There were no significant deficiencies or material weaknesses in internal control over major programs disclosed by the audit.
5. The auditors' report on compliance for the major federal award programs for Grand County expresses an unqualified opinion.
6. The audit of Grand County's major programs disclosed no audit findings relating to major programs that the auditor is required to report.
7. The programs tested as major programs included:

<u>Program</u>	<u>CFDA#</u>
Airport Grant	20.106

8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Grand County was determined to be a low-risk auditee.

**B. FINDINGS-FINANCIAL STATEMENTS AUDIT**

**FINDING 2006-1**  
**AMBULANCE BILLING & RECEIPTING**

**Criteria:**

According to generally accepted accounting principles, governmental entities are required to develop a process of internal controls. These controls are to be designed by management to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations.

**B. FINDINGS-FINANCIAL STATEMENTS AUDIT (Continued)**

**Statement of Condition:**

The County has an ambulance service, which provides emergency services within Grand and San Juan Counties. When emergency or ambulance services have been performed, EMS employees prepare a run report (or incident report), which indicated the supplies or services a person has received. The information on these run reports are input into a computer program and transmitted to a company that provides billing and collection services for the County. Periodically billing reports are sent to County employees. Weekly, the billing service company sends a deposit slip of money collected on behalf of the County showing the insurance company or individual making payment. County employees then transfer EMS billings from the collection bank account to the PTIF.

Although the County has a billing and collection process for Emergency Services provided by the County, no internal control procedures have been adopted to track each patient's status with regards to billing or collecting. The County is not able to provide an accounts receivable list or aging for emergency service patients at any given time. Without proper internal controls over emergency service patients the County can not be sure all patients have been billed or that patients that have been billed have paid for services provided and money has been receipted by the County. Other problems can arise due to lack of monitoring of patients billings allowing bills to become old and uncollectible.

**Cause of Condition:**

Internal controls have not been adopted and implemented to monitor billing, collections and tracking of receivables generated from providing emergency services by the EMS department. Also adequate training has not been provided to EMS employees to properly track EMS services provided.

**Effect or Possible Effect of Condition:**

Without adequate internal controls to track the billing, collecting and recording of accounts receivable of emergency services the County cannot be sure it has or will be paid for the emergency services it has provided. Also the County will not be sure that money it has collected was collected timely and deposited in County bank accounts according to governmental regulations.

**Recommendation:**

We recommend the County develop, adopt and implement internal control procedures for the billing, collecting and recording of emergency services provided for patients through it's EMS department. We recommend that internal control procedures be adopted to monitor the timing of when money is collected and deposited in the County's bank accounts. We also recommend that an aging of accounts receivable be developed and provided to management so determination of when and if accounts should be written-off.

**B. FINDINGS-FINANCIAL STATEMENTS AUDIT (Continued)**

**FINDING 2006-2**

**INTERNAL CONTROL – JAIL RECEIPTS/INMATE ACCOUNTING**

**Criteria:**

The County has adopted policies and procedures for receipting funds collected by the different departments of the County. Funds collected by departments of the County are to be taken, on a timely basis, to the Clerk/Auditors office to be receipted, then to the County Treasurer for deposit into County bank accounts. Also state law requires public funds to be deposited daily if possible but no longer than three days.

The County has a fiduciary responsibility to maintain proper accounting records for inmate's trust funds and to monitor the collection and use of these funds.

**Statement of Condition:**

The jail is using receipt books to record all money collected by the jail whether it is bail money, prisoner intake money or money collected from relatives or friends of inmates. On March 22, 2007, auditors met with jail employees and reviewed the receipting process and questioned employees about their inmate accounting system. It was found that the jail is receipting bail and inmate money in receipt books but jail employees have not been taking these funds to the County Clerk/Auditor or Treasurer on a timely basis. Some of the receipts that were included in the money taken to the Clerk/Auditor in March had receipt dates as of January 2007. The amount take to the Clerk/Auditor was in excess of \$10,000.

When we talked to jail employees about the inmate accounting system they showed us how they receipted money and credited it to each inmates account. They also reviewed with us how disbursements from these accounts were authorized. It was determined that the Jail employees are not producing hard copies of bank reconciliation's or financial statements at the end of each month and making sure that the amount of money in bank accounts match the amount of money reflected in inmate accounts per financial statements.

**Cause of Condition:**

It appears that the reason for money not being given to the Clerk/Auditor and Treasurer on a timely basis is either the failure of employees to follow internal controls for cash receipting or that employees are unaware of the requirements to timely deliver money collected to the County Treasurer.

From discussion with jail employees, they are not aware of how inmate accounting accounts should be reconciled with bank accounts. Employees are not sure what inmate accounting records should be kept as a hard copy.

**B. FINDINGS-FINANCIAL STATEMENTS AUDIT (Continued)**

**Effect or Possible Effect of Condition:**

When money is not receipted with the Clerk/Auditor and given to the County Treasurer to be deposited in bank accounts on a timely basis there is a greater chance for funds to be lost or misused. It also increases the chance that funds could be miscoded in the County's book and reported incorrectly in the financial statements. If public funds are not deposited within three days of receipt, the County will not be in compliance with State of Utah regulations relating to public entity deposit requirements.

With regards to the inmate accounting system, errors could be made by employees when receipting money or when disbursements from their accounts are authorized. Without reconciling the bank account with the inmate accounting system possible error will not be detected.

**Recommendation:**

We recommend that jail employees are made aware of the requirements of depositing money with the County Treasurer on a daily basis. We recommend the Clerk/Auditor monitor the jail to make sure funds are collected each day. We recommend that jail employees receive training on how to reconcile bank accounts and how to reconcile funds in the inmate bank account to financial reports on a monthly basis.

**C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None



**GRAND COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR PASS THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCURED (DEFERRED) REVENUE AT JANUARY 1, 2006	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCURED (DEFERRED) REVENUE AT DECEMBER 31, 2006
<b>U.S. DEPARTMENT OF AGRICULTURE</b>							
Direct Program:							
Forest Reserve Grant to Counties	10.666		\$ 7,355	\$	\$ 7,355	\$ 7,355	\$
<b>U.S. DEPARTMENT OF INTERIOR</b>							
Pass Through Utah Supervisors Association							
National Fish and Wildlife Foundation - Weed Control - Purple Loosestrife Control	15.224	2004-0003-041	\$ 10,000	\$	\$ 10,000	\$ 10,000	\$
Noxious Weed Act - Aphus Grant	15.224	050015	2,253		2,253	2,253	
Pass Through Montana State University							
U.S. Forest Service - Weed Control	15.224	GC242-04-Z1138	18,375		18,375	18,375	
Total U.S. Department of Interior			\$ 30,628	\$	\$ 30,628	\$ 30,628	\$
<b>U.S. DEPARTMENT OF JUSTICE</b>							
Direct Program:							
Adult Felony Drug Court	16.585	2005-DC-BX-0042	\$ 448,320	\$	\$ 138,769	\$ 138,769	\$
Pass Through State Department:							
Violence Against Women	16.588	04-YAWA-09	23,876		23,876	23,876	
Childrens Justice Center	16.543		15,216		15,216	15,216	
Childrens Justice Center	16.540		29,869		29,869	29,869	
Childrens Justice Center	16.540		34,937		34,937	34,937	
Total U.S. Department of Justice			\$ 552,218	\$	\$ 242,667	\$ 242,667	\$
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>							
Pass Through Southeastern Utah Association of Governments							
Council on Aging	93.044	N/A	\$ 36,978	\$	\$ 36,978	\$ 36,978	\$
HIIP Grant	93.778	N/A	3,000		3,000	3,000	
Total U.S. Department of Health and Human Services			\$ 39,978	\$	\$ 39,978	\$ 39,978	\$
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>							
Direct Program:							
Small Community Air Service Development	20.108	25-3639	\$ 58,358	\$	\$ 58,358	\$ 58,358	\$
Airport Grant	20.106	3-49-0020-17	1,674,162		1,674,162 *	1,674,162 *	
Airport Grant	20.106	3-49-0020-16	172,188		172,188	172,188 *	
Total U.S. Department of Transportation			\$ 1,904,708	\$	\$ 1,904,708	\$ 1,904,708	\$

GRAND COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

FEDERAL CFDA NUMBER	GRANT OR PASS THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCURED (DEFERRED) REVENUE AT JANUARY 1, 2006	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCURED (DEFERRED) REVENUE AT DECEMBER 31, 2006
U.S. DEPARTMENT OF COMMUNITY & ECONOMIC DEVELOPMENT						
Pass through State Department:						
Library Services and Technology						
45.310	N/A	\$ 74,488	\$	\$ 74,488	\$ 74,488	\$
CORPORATION FOR NATIONAL SERVICE						
Direct Program:						
RSVP						
94.002	03SRP0003	\$ 73,785	\$	\$ 14,944	\$ 14,944	\$
ELECTION ASSISTANCE COMMISSION						
Pass through State of Utah:						
Help America Vote Act						
U.S. DEPARTMENT OF HOMELAND SECURITY						
Pass through State Department:						
Security Gate - Airport Grant						
97.004		\$ 77,721	\$	\$ 77,721	\$ 77,721	
97.004	N/A	7,000		7,000	7,000	
97.067	N/A	2,192		2,192	2,192	
97.067	N/A	2,024		2,024	2,024	
LEPC - Hazmat Grant						
97.067		\$ 88,937	\$	\$ 88,937	\$ 88,937	\$
Total U.S. Department of Homeland Security						
TOTAL FEDERAL ASSISTANCE						
		\$ 2,938,030	\$	\$ 2,569,638	\$ 2,569,638	\$

**GRAND COUNTY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AS OF DECEMBER 31, 2006**

**1. SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of expenditures of federal awards is a summary of program activity of the County's federal award programs and does not necessarily present transactions that would be included in financial statements of the County presented on the modified accrual basis of accounting, as contemplated by generally accepted accounting principles.

**2. BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting for expenses of the County, which is described in Note 1 of the financial statements.

**GRAND COUNTY**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

Grand County has had no Prior Audit Findings that are required to be reported for previous audited financial statements or previously audited Federal Awards.

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## MEMBERS

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UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Grand County Council  
Grand County  
Moab, Utah 84532

Ladies/Gentlemen:

The following comments and recommendations are a result of our review of accounting procedures and internal controls in connection with our examination of the basic financial statements of Grand County for the year ended December 31, 2006.

Since our review was made primarily to determine the scope of our auditing procedures and was not intended as a comprehensive study or evaluation of the systems and procedures, this memorandum should not be considered all inclusive.

We welcome the opportunity to discuss any items mentioned in this memorandum or any other accounting or procedural questions.

## STATE OF UTAH LEGAL COMPLIANCE

### **BUDGETARY COMPLIANCE**

Utah law prohibits officers and employees of Counties to incur expenditures or encumbrances in excess of the total appropriations for budgets of the County. The County has overspent the following departments in the General Fund in the current year:

#### General Fund –

Planning & Zoning	\$11,291
Building grounds	7,911
Elections	164,167

We recommend the County review the expenditures and encumbrances made, and compare against the adopted budget, to determine if the budgets of the County are being overspent. Department directors need to evaluate the expenditures for their departments to ensure that budgets are not being overspent.

### County's Response

*The County had adopted a budget for the General Fund, which covered all expenditures until the outside auditors made some accruals at the end of the year. The accruals were not material but it was felt that it was appropriate to make the adjusting journal entries. Also during the year, the County received money to purchase voting machines and was not aware these funds needed to be budgeted. We take very seriously the responsibility of properly approving all appropriations of the County. The County always has and will continue to monitor expenditures in relationship to its approved budget.*

## **DEPOSIT REQUIREMENTS**

Utah Code 51-4-2(2) states that "All public funds shall be deposited daily, whenever practicable, but not later than three days after receipt." During the audit of the financial statements for the year ended December 31, 2006, we found the County had not complied in some instances with the three-day deposit rule. Of forty receipts tested, we found that two were not deposited within the three-day period. We also found that money received by the jail for bail and inmates had not been deposited within the three-day deposit rule.

We recommend that management review the requirements for depositing public funds with employees responsible for bringing money to the County Treasurers office for deposit and with those responsible for depositing money received at the County. We also recommend the County make sure that internal control procedures have been adopted, implemented and are monitored to make sure that County employees comply with this requirement.

### County's Response

*The County has internal control procedures in place to make sure funds are receipted and delivered to the County Treasurer timely. As employees change some may not be instructed on the importance of taking all funds to the County Treasurer daily. Also, we have just recently become aware that money collected at the jail has not been brought to the Treasurer as soon as it should. The County will make sure all employees are aware of the need to take money to the County Treasurer on a daily basis.*

## **C-500 REQUIRED REPORTING**

Utah Code Section 51-4-2 requires that each County that has collected funds that are due to the State of Utah shall, within thirty days following the end of each quarter, pay the funds to the State and file a form C-500.

From examination of the C-500 reports, it was found that one report was not filed within thirty days following the end of the quarter. We recommend the County comply with Utah Code and file the C-500 reports within thirty days after the close of each quarter.

### County's Response

*The County realizes the importance of complying with the state law on filing building fee quarterly reports with the Division of Occupational and Professional Licensing within 30 days following the end of each quarter. The County will implement procedures to ensure that they will comply with the required time period prescribed by Utah State Law.*

## **COST PLUS CONTRACT**

During the audit, we found that the County had entered into a cost-plus-a-percentage-of-cost contract with a local contractor for the renovation of the Stall Hall. According to Code Section 63-56-416, governmental entities are prohibited from entering into cost-plus-a-percentage-of-cost type contract.

We recommend the County consult their attorney to verify the legality of the current contract and if necessary make what ever changes are required to comply with State of Utah Code.

## **COST PLUS CONTRACT (Continued)**

### County Response

*The County will review the current contract with its attorney and made any changes if necessary.*

## **INTERNAL CONTROL ITEMS**

### **AMBULANCE BILLING & RECEIPTING**

The County runs an ambulance service which provides emergency services to individuals who live in or are passing through Grand County and parts of San Juan County. The services performed by employees of the County's EMS department are kept track of on run reports. These run reports are sent to the County's billing service company which outlines the supplies used and services performed so patients can be charged. Although the County has a billing and collection process for Emergency Services provided by the County, no internal control procedures have been adopted to track each patient's status with regards to individual billing or timing of collection of money. The County is not able to provide an accounts receivable list or aging for emergency service patients at any given period.

We recommend the County adopt and implement internal control procedures over emergency service patients so the County can determine all patients have been billed, that receipts can be tracked and patients accounts can be summarized on a monthly basis and an aging of receivables can be prepared.

### County's Response

*The County will review the billing, collecting and tracking of patients that have received services from it's EMS department. Based on a review of the current procedures, if necessary, the County will make changes to further improve internal controls over these services to adequately monitor billing of patients, collecting of funds and monitoring patients who owe the County for services rendered.*

### **JAIL RECEIPTS/INMATE ACCOUNTING**

The jail is using receipt books to record all money collected by the jail whether it is bail money, prisoner intake money or money collected from relatives or friends of inmates for the benefit of current inmates. On March 22, 2007, we met with jail employees and reviewed the receipting process and questioned employees about their inmate accounting system. It was found that the jail is receipting bail and inmate money in receipts books but jail employees have not been taking these funds to the County Clerk/Auditor or Treasurer on a timely basis. Some of the receipts that were included in the money taken to the Clerk/Auditor in March, had receipts dated as of January 2007. The amount taken to the Clerk/Auditor was in excess of \$10,000.

We recommend that jail employees are made aware of the requirements of depositing money with the County Treasurer on a daily basis. We recommend the Clerk/Auditor monitor the jail receipting process to make sure funds are collected each day. We also recommend, that jail employees responsible for recording transactions associated with inmate receipts and disbursements receive adequate training on the inmate accounting system. Jail employees responsible for the accounting system should perform monthly bank reconciliation's and run financial reports on a monthly basis so funds reported in bank accounts can be reconciled with the amount of money shown on financial reports.

## **JAIL RECEIPTS/INMATE ACCOUNTING (Continued)**

### **County's Response**

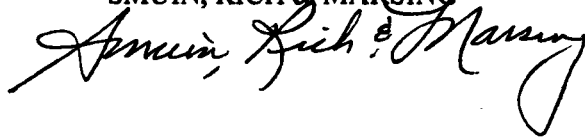
*The County will review all of the procedures being used in the Jail for collecting bail money and the receipting and disbursing of inmate money. The County will also discuss with jail employees the need to deliver money collected by their department to the County Treasurer daily. Also if needed, the County will make sure that Jail employees receive training from qualified individuals on the inmate accounting system. This will include which report they should keep hard copies of and the proper way to reconcile bank accounts.*

### **SUMMARY**

We feel the accounting procedures and State Compliance issues mentioned above are some areas where the County can make changes so as to further improve its internal control structure to safeguard the assets, check the accuracy and reliability of accounting data and promote operating efficiency.

Sincerely,

SMUIN, RICH & MARSING

A handwritten signature in cursive script, appearing to read "Armin Rich & Manning", written over the printed name.

Price, Utah

July 10, 2007